

Property Quest:

A Guide for First Time Home Buyers

The Home Buyer's Workbook



Department of Real Estate

December 2003

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This workbook and the accompanying video were produced through a research contract with the California Department of Real Estate. The views or opinions expressed herein are those of the authors and do not necessarily represent the views or opinions of the Administration of the State of California, or the Department of Real Estate.

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HOW TO START "CALIFORNIA DREAMIN'"

Let's say you're thinking about buying your first house or condominium. The process of buying real estate can be an extremely rewarding experience, both from a personal and financial standpoint. The following guide will help take the surprises out of your planned purchase. The information in this workbook along with the accompanying video will help guide you through the process. Some advice: There are probably a number of words associated with the home buying process that are new to you. As you read on, if there is a word or term you don't understand, check out the Glossary beginning on page 26 of this book. Good Luck!

Why Buy?

There are many reasons you may wish to buy a home, whether you need or want:

- A place to live
- Feeling of permanence
- Stable housing costs
- Good use of your money
- Tax benefits.

On the other hand, you may not be ready to buy a home. Buying a home:

- Is a complex, time-consuming and costly process
- May bring unwelcome responsibilities such as maintenance and repairs
- Makes it harder for you to move
- Can create financial hardship.

The purchase of a home is, in part, a financial transaction. Much like a trip to the grocery store to buy coffee, you have many choices and a significant price range. But unlike a bag of Costa Rican coffee, a house has certain bonuses: Equity, Tax Savings and Ownership. What's all that mean? Read on.

A house is an investment in land and the existing structure. History tells us that there is a good chance that a house will increase in value over time. Also, by making timely mortgage payments, you are paying down the debt you owe and building equity. Equity is the difference between the value of your home and how much you still owe. You may not own your home outright, but your investment has a cash value.

In addition to increasing in value over time, owning a home can have a significant impact on your monthly paycheck – in a very positive way! When you borrow money

to purchase a home, the interest that you pay on that money is usually tax deductible. For example, if you have an annual income of \$45,000 and owe \$200,000 on a 30-year mortgage at a fixed 7% interest rate, you'll likely save about \$200 per month in taxes the first year you own the home!

Home Buyer Hint

Because of sales commissions and one time up-front fees that are part of most real estate sales, home buyers should plan on staying in a home for several years to try to recoup these costs. If your lifestyle is mobile or you expect that you may need to move because of a job change, renting may be a better choice for you.

My Life As A Number ... CREDIT

Credit is an important part of buying a home. Lenders will scrutinize your credit history to determine if you are qualified to buy a home and what interest rates and fees to charge. The difference between having just okay credit and good credit can cost you tens of thousands of dollars over the life of a loan.

You can establish good credit by:

- Having a steady source of income, which for most people is working on a regular basis for 2-3 years
- Having a good record of paying your bills on time
- Keeping outstanding long term debts, like a car loan, low
- Putting money in a savings account.

If you have a lot of credit cards, they are maxed out, and you are barely able to make the minimum payments, you are headed for financial disaster. That cool tee shirt or water bottle the credit card company tempted you with may end up costing you hundreds or thousands of dollars in the future!

A lot of people learn this the hard way and spend years paying off thousands of dollars in credit card debt while suffering the consequences of bad credit. And bad credit can prevent you from getting a loan for a home or even a car!

So how do lenders check your credit history? The answer is by running a credit report. A credit report gives others a "snap shot" of your credit worthiness. It will show what types of credit you currently have and/or what you have had in the past. It also shows if you have paid your bills on time, filed for bankruptcy, or if you have ever been evicted from a rental property.

Having a good handle on what your credit situation is before heading to a lender to ask for a loan can save you countless hours and costs. For about \$10, you can order your credit report by mail, phone or over the web from one of the three major national credit bureaus. For more information, check:

- TransUnion, www.transunion.com
- Equifax, www.equifax.com
- Experian, www.experian.com

In addition to providing you with a copy of your credit report, these bureaus can help “clean up” any incorrect information in your report, and explain in more detail how to build up good credit and how to avoid bad credit.

If your credit is in bad shape, you may want to wait to buy a home and spend the time needed to repair your credit instead. Check out the resources section of this guide or surf the net to find a certified credit counselor who can help you get back on track.

Home Buyer Hint

BEWARE! As your credit score goes down, mortgage fees and costs, interest rates and other costs go up, up, up! A typical 7% mortgage with a few thousand dollars in fees can go up to an 18% monster with many thousands in fees if you have a low credit score.

What’s the Score?

Your credit score or FICO score (for Fair, Isaac and Company, which created the system) is a number that indicates the health of your credit. The higher the score, the healthier your credit and the more likely a lender is to approve a loan with good terms. Scores can range from 300 to over 900, with the typical credit score falling in the 600s to 700s.

Credit scores take five different financial areas into account. The “five C’s” of credit that lenders will look at include:

- **Capacity.** Are you able to repay the debt? The lender verifies your employment information: occupation, length of employment, income. He or she reviews your expenses: how many dependents you have, if you pay alimony and/or child support, your other obligations.
- **Credit history.** Based upon your past payment habits, how likely is it that you will make your monthly payment? The lender looks at how much you owe, how often you borrow, whether you live within your means, and whether you pay your bills on time.

- **Capital.** Do you have enough cash on hand for the down payment and closing costs? Are you receiving a gift from a relative? Will you have reserve money left over after the purchase?
- **Collateral.** Is the value of the property worth the investment? Is it in sufficiently good condition and is the price appropriate for the home? If you do not repay the debt, will the lender be able to recover his investment?
- **Character.** Have you disclosed all your debts? If you had previous credit problems, did you disclose them?

Who's Lookin' Out For You? ...

THE REAL ESTATE AGENT

A key person in searching and negotiating for your new home is the real estate agent. Choosing the right agent can help you to select the right home, lender, property inspector and so on. A good real estate agent will have a strong team of professionals to assist in the purchasing process. Here are some tips for choosing an agent:

- Interview several agents for the job. You're the boss, know who you're hiring to help you with what could be the biggest purchase of your life!
- Look for an agent in your area: Does he or she know the neighborhood where you would like to buy?
- Talk to friends and co-workers: Is there an agent mentioned by several people who comes highly recommended?
- Look at area real estate ads: Are there agents with significant numbers of listings? This may be a good indication of client satisfaction.
- Stay in your price range: Does an agent specialize in \$1 million + luxury homes, when you're looking for a \$150,000 starter home?
- Call references. Ask a prospective agent for a list of former clients – preferably buyers, since that's what you are! – and call them.
- Ask for an activity list. This will list prior deals made by your prospective agent. Is it current? Are the houses in your area and price range?
- Check the California Department of Real Estate's web site at www.dre.ca.gov to determine the status of an agent's real estate license.

But Seriously, What Can I Afford?

One of the most important questions you need to ask yourself in the home buying process is: “How much can I pay for a house and still have a life?” Ultimately, only you can decide what you can afford to spend monthly on a house payment and still be able to live the lifestyle you wish. However, a calculation provided by your mortgage lender may help you to make your determination.

When applying for a home loan, your mortgage lender will do a calculation that reveals the maximum amount the lender will lend to you. The calculation is based on a simple formula: The proposed house payment plus any fixed monthly debt payments (like credit cards and car payments) divided by your gross monthly income (your total wages before taxes are taken out) equals a percentage. Typically, mortgage lenders want that percentage to be less than 42%. This equation is illustrated in the example below:

$$\begin{array}{r} \$1,230 \text{ (House Payment + Fixed Monthly Debt)} \\ \div 3,000 \text{ (Gross Monthly Income)} \\ \hline 41\% \end{array}$$

Based upon this equation, after adding up your debts and reviewing your income, you may discover you can afford a pretty big mortgage payment. On the other hand, you may want to look at that number a little closer. If you borrow the maximum amount allowed, you may find that your house payment is more than you can afford based on other monthly expenditures not accounted for in the equation. For instance, the equation doesn't take into consideration money you might spend on recreation activities. If these are important to you and you don't want to give them up, you may need to keep your house payment lower than the maximum allowed in order to pay for these other expenditures.

Your best bet is to develop a budget and consider all of the typical expenses you have. Use the form below to add up all of your monthly expenses. If there are some expenses – like auto insurance – you only pay every six months or yearly, divide by the number of months to determine your monthly expense. It's best to get everything down on paper. Take a few minutes now and create your budget by listing the major categories where you think you have or will spend money during a typical month.

My Monthly Budget

Housing

Estimated house payment & association fees	\$ _____
Estimated property taxes, insurance, PMI	\$ _____
Electricity, gas	\$ _____
Phone	\$ _____
Water, sewage, garbage	\$ _____

Food

Groceries	\$ _____
Fast Food	\$ _____
Dining out	\$ _____
Beverages	\$ _____

Other living expenses

Personal care (hair, toiletries)	\$ _____
Laundry and dry cleaning	
Clothing/shoes/hats	\$ _____
Gifts	\$ _____
Monthly membership dues/subscriptions	\$ _____

Transportation

Car payments	\$ _____
Gas & oil	\$ _____
Normal car maintenance	\$ _____
License and registration fees	\$ _____
Auto insurance	\$ _____
Parking fees	\$ _____
Bus, taxi, subway, carpool	\$ _____

Educational expenses (if applicable)

Tuition	\$ _____
Books	\$ _____
Lab fees	\$ _____
School supplies	\$ _____

Childcare and pet care (if applicable)

Day care	\$ _____
Baby/pet sitters	\$ _____

Medical/Veterinary	\$ _____
Toys	\$ _____
Special foods	\$ _____
Clothes	\$ _____
Expecting the unexpected	
Traffic Tickets	\$ _____
Car Repairs	\$ _____
Medical/Dental care	\$ _____
(Insert other categories unique to you here)	
_____	\$ _____
_____	\$ _____
Total Monthly Expenditures	\$ _____

* Taxes, insurance and PMI (private mortgage insurance) costs vary.
Your real estate agent can help you estimate these.

Next, determine your monthly income below:

Wages and tips (less taxes and other deductions)	\$ _____
Investment Income.....	\$ _____
Other	\$ _____
Total net monthly income	\$ _____

Finally, subtract your total monthly expenditures from your total monthly income. Note:
Your net income, used in determining what you can afford, is different than your gross
income, used to determine what you qualify to borrow.

Total Monthly Income:	\$ _____ (transfer \$ amount from above)
– Total Expenditures:	\$ _____ (total of your expenses above)
= Ending Balance	\$ _____

Now that you have everything down on paper, borrowing the maximum allowed may not look too good anymore! You may want to consider buying a little less house to keep a little more of your life! You may have heard the term “House rich, cash poor.” That phrase was coined by people who didn’t budget beforehand!

Finally, once you have a general idea of what type of house payment you can afford each month, you’ll want to determine what that monthly payment will buy you in terms of the selling price of a home. Based on your estimated monthly payment, should you be looking at homes selling in the \$100,000, 200,000, or \$300,000 price range? Your real estate agent can estimate this for you, or you can check out a “mortgage calculator” on-line, which will ask a few simple questions and then do the calculation for you. See the “Resources” section on page 24 of this book for web sites that provide mortgage calculators.

Nickels and Dimes ...

CLOSING COSTS

Buying a house is expensive. And we’re not just talking about a down payment and that big loan you’ve just taken out. There are a number of costs and fees associated with the purchase of a home. They include inspector’s fees, appraisal fees, processing fees, notary fees, recording fees, title insurance, interest fees and more. These costs are called nonrecurring closing costs and can run from \$20 or \$30 for a notary to several hundred dollars for inspections and appraisals. In total, plan on paying several thousand dollars in nonrecurring closing costs.

See a sample Estimated Closing Costs worksheet in the Appendix on page 32.

Two Things You Can’t Get Away From...

TAXES & INSURANCE

Taxes

When you buy your house, you will be assessed a yearly property tax. Typically, this is calculated at about 1.5% of the purchase price of your home. It is important to figure this cost into your monthly expenses. On a \$200,000 home, plan on paying about \$3000 a year in property taxes.

There are several ways of paying your property taxes. You can pay them in one lump sum, make semi-annual payments or set up an impound account with your lender. An impound account allows you to pay your taxes in monthly installments. Many first-time home buyers find this the most convenient thing to do – and may be required to do so by their lender.

Home Buyer Hint

Check to see if the home you're considering purchasing is in a special bond assessment district. Some homes in California can be assessed yearly bond fees – for up to 30 years or more – for things like school improvements, levee protection, new roads, street lights and so on.

Insurance

Just like your car, you'll need to carry insurance – typically referred to as homeowner's insurance – on your home. This protects your home and its contents from fire, theft and other types of damage. Depending on the area of California in which you live, you may also be required to carry flood insurance and earthquake insurance. And, many first time home buyers will need to budget for and purchase Private Mortgage Insurance (PMI). PMI provides lenders with a financial guaranty against loss in the event that a borrower defaults. While this guaranty is good for lenders, it is also good for borrowers because it means that lenders are more willing to make loans to borrowers who may not otherwise be able to qualify for a home loan.

Insurance rates vary widely depending on the location and value of the property. When purchasing your insurance, review your insurance policy carefully and know what is covered and what is not. Typically, insurance on your home can be paid in a similar fashion as your property taxes. That is, yearly, quarterly or monthly through an impound account. Again, many first-time home buyers choose – or are required by their lender – to use an impound account for these costs.

Do They Really Like Me? ... GETTING A LOAN

Once you've figured out what amount of loan you're able to comfortably afford, it's time to talk to a mortgage lender.

Loan Pre-Qualification

Getting pre-qualified for a loan is a pretty casual once-over of your financial situation. You provide a mortgage broker or lender with financial information, and they give you a non-binding letter indicating how much you could possibly borrow. The lender does not verify any of the information you give them. This gives you a good “jumping off” point in deciding the price range you can afford.

Loan Pre-Approval

Getting pre-approved for a loan is a much more rigorous process. A lender will verify all of the information you’ve provided including income, debts, employment and cash on hand. The pre-approval process signifies to a seller that you are a very serious buyer. The lender provides you with certain guarantees that they are ready, willing and able to fund a loan.

Check with your real estate agent to determine if you should get pre-qualified or pre-approved for your loan prior to house shopping.

Home Buyer Hint

Some lenders will charge for the pre-approval process given the extra effort involved. However, do not choose a lender solely because they don’t charge for this process. Look at all of the costs involved!

Lender or Broker? Make an Informed Decision

When it comes time to look for financing for your upcoming purchase, there are a couple of options. You can go directly to a lender or use a mortgage broker. Your real estate agent may have a list of good lenders and mortgage brokers in your area. In addition, most major daily newspapers have home buying sections in their weekend editions. This is another good place to find information about lenders and mortgage brokers in your area. And finally, a simple search on the internet will turn up many suggestions for home loans.

A lender typically is a bank, mortgage company, credit union or savings and loan. A mortgage broker is a middleman who is usually independent of a lender. Mortgage brokers arrange loans from various sources and earn a commission for their services.

To choose a good lender, do research on those in your area. Check interest rates, fees and loan terms against other lenders. Just be sure to take the time to research and compare different lenders so you get the best deal. Often, lenders will look for borrowers without any special circumstances. That is, they'll want a "good" or better credit score, documented income, and a standard piece of property to lend on.

Comparing mortgage brokers is a good idea too. If one happens to offer rates and terms that are drastically better than anyone else out there, this could be a warning sign! Remember, if it sounds too good to be true, it usually is. A good mortgage broker will be able to do your mortgage shopping for you. They'll compare rates and fees, while looking for a lender that suits your individual needs. They should also be able to explain the details of the loan to your satisfaction. In addition, if any of the special circumstances discussed above – low credit scores, undocumented income or a unique piece of property – apply to you, a good mortgage broker can help make a difference.

Help For First Time Home Buyers

There are many first time home buyer programs available to assist you in your purchase. These programs range from informational courses – like this one – to federal, state and local government agencies and non-profit groups that can assist you with down payments, lower-than-market rate financing and troubled credit. Depending on your income and other personal factors, some of these programs can assist you in getting into a home for less than \$1,000.

For information about first time home buyer programs and a variety of other home loan assistance programs in California, check out the California Housing Finance Agency's web site at www.calhfa.ca.gov and the California Department of Housing and Community Development at www.hcd.ca.gov. Other sources of help can be found in the "Resources" section on page 24.

Home Buyer Hint

Police, teachers, firefighters and other public employees often have access to home loan programs that have favorable down payment options and special income qualifications. If applicable, check with your employee association or retirement system.

Choosing The Right Loan

When choosing a loan, you'll be confronted with a variety of choices of how interest rates are applied. There are fixed rate mortgages and adjustable rate mortgages (ARMs). Look at each type of loan carefully and decide, based on your financial situation and ability to stomach roller coaster interest rates, which is best for you!

Fixed rate mortgages are set at a constant interest rate over the period of the loan – usually 15 or 30 years. This provides maximum stability as far as your monthly loan payment is concerned.

ARMs often provide a much lower initial interest rate at the inception of the loan. ARMs are set by an index plus a margin that equals an interest rate for a loan. An index is a gauge of interest rates which fluctuates with current market conditions. The margin is a fixed amount which gets added to the index. There are two different types of ARMs, the standard version that starts to adjust almost immediately after funding and the intermediate ARM, that doesn't start to adjust for several months to several years.

Home Buyer Hint

If you're getting an ARM, look for ones with lower margins. Interest rates tend to be similar for most lending institutions, so the real gauge of saving money over time is a lower margin!

Home Buyer Hint

Look out for prepayment penalties on your loan! Having one can save you some money every month, but if you refinance or sell your home, you could get hit with thousands of dollars in penalties!

There is a lot more to know about loans. You can learn more by visiting www.freddiemac.com/homebuyers, www.hud.gov or www.fanniemae.com (click on Homepath) or by simply asking questions of your real estate agent, lender and/or mortgage broker.

ARE WE HOME YET?

There are many factors to take into account when trying to choose the right home. After you've settled on a price range that you can afford, start asking yourself some questions:

- What part of town do I want to live in? In an urban area? Near good schools? (Are you single, partnered, partnered with kids?)
- Is a big house more important than location?
- How many bedrooms do you need/want? Bathrooms? Other amenities?
- Do you want a new home? A used home? A condominium? A fixer-upper?

Other things to consider: Are you very tolerant to loud neighbors or un-kept houses? If you answer "yes," you should have no problem finding a great deal on a home. A problem may arise, however, when you attempt to sell the home. While making yourself happy with your new home, keep in mind that one of these days you may want to try and make someone else happy with it!

Choosing what part of town to live in is mainly based on your lifestyle. If you're single and enjoy a very active lifestyle, living in a quiet, tree-lined neighborhood close to good schools may not be too important to you. On the other hand, if you have three small children, living in a singles' condo complex might be a poor choice – or at least make you unpopular with your neighbors!

Pay attention to the quality of the neighborhood in which you are looking. "Pride of ownership" shows through in how well yards and homes are maintained. If dead lawns and over-grown shrubs are the norm, you may want to think twice before buying there. True, you might get more house for the money, but in the long run, you may have trouble re-selling it.

Think about what is going to make your home livable: bedrooms with bathrooms? a removed master bedroom? a two car garage? a gourmet kitchen? a large yard? a small yard? You should write up a wish list, then start looking at what is available in your price range. From there, you can whittle the list down to what you really want and what you can live without.

Are You Home or Ready to Go Condo?

There are several types of homes that you can choose from when you start shopping. Among the choices are: new detached homes; used detached homes; new or used condominiums; and fixer-uppers.

- A detached home, new or used, will typically provide you with a yard, garage and the like. This is a fairly standard set-up in California. Choosing from new or used depends on several factors. New homes generally cost a little more to purchase, are less negotiable on purchase price, but are less expensive to maintain and are more energy efficient. Used homes generally cost a little less to purchase and you have more room to negotiate on purchase price. In addition, typically you won't have to landscape a yard. On the other hand, upkeep is generally more expensive. You may have to tackle dying appliances, cracks in the plaster, a new roof and other issues that face a house of a certain age.
- A condominium, new or used, generally faces the same issues as a new or used detached home. The difference with a condominium is that you own only the interior air space and fixtures in your living space, plus a certain percentage of common areas and property. As a condominium owner, you generally pay association dues to take care of maintenance, replacement of common area amenities, and occasional repairs like a new roof or paint. Association dues cover many of the individual expenses a detached homeowner pays, including insurance and general upkeep. If you are thinking about buying a condominium, closely examine the "Covenants, Conditions, and Restrictions" (CC&R's) for the rules that govern the complex. Also, closely examine the condominium association's finances for large assessments or dues that increase more than standard inflation on a year to year basis.
- A fixer-upper can be a great way to get into a larger house in a better neighborhood for a lower price. There is one catch: you have to fix the house up, which is not for everyone. If you are considering buying a fixer-upper, get a qualified contractor to help you review properties. Does a house need minor cosmetic remodeling like painting, yard maintenance and new carpet? Or does the fixer need a new electrical system and plumbing and have dry rot in the flooring? These are important questions to ask and even more importantly, you need to figure out what they'll

cost – and don't forget what your time is worth! Does the fixer you're considering cost \$180,000 in a neighborhood of \$220,000 homes? That's good if the house only needs \$20,000 or \$30,000 in repairs, but if the house needs \$50,000 or \$60,000 (or more) in repairs, then you may want to reconsider the purchase or offer a lower price.

Hurry Up and Wait ... FINDING THE RIGHT PLACE

The key to getting the home you want for the price you want to pay is patience and persistence. Do you want to live in a certain neighborhood but homes only come up for sale once every six months? Get ready to wait and pounce when the time is right. In addition, there may be other people waiting to live in the same neighborhood, so persistence in bidding for homes that come on the market is important. Remember that this very well could be the largest purchase you ever make, so rushing into it is foolish. Your real estate agent will be able to provide guidance, advice, and help.

THE PAPER CHASE

So you've gotten pre-approved on your loan and you've decided on what type of home you want to buy. And, you've found your dream home. Now it's time to make an offer on it. This is when the real fun begins.

Is It an Offer They Can't Refuse?

To make a good offer on a house, look at its fair market value. To get its fair market value, there are two things you can do: get a comparable market analysis (CMA) or have a professional appraisal done.

The CMA is typically done by your real estate agent. Again, this is a good time to have a great, knowledgeable agent. A CMA is a process of looking at comparable sales in your prospective neighborhood. By examining things like size, location and purchase price, a good agent should be able to give a fairly accurate determination of a home's fair market value.

On the other hand, you can choose to have a professional appraisal done on your prospective home. An appraiser estimates the value of the home and will give you an estimated fair market value. However, you will have to pay to have an appraisal done – whether you get the property or not.

Know When To Hold ‘Em...Know When to Fold ‘Em

So you’ve arrived at what you and your agent think is a fair price. Next, your agent will help you submit an offer. In a typical real estate transaction, negotiation is the name of the game. Know this: price, closing dates, financing, appliances, repairs, cost and more are all negotiable items in the sale of a home.

Once an offer has been submitted – typically with a clause that dictates a response time, say 24 or 48 hours – the owner of a home can choose to do one of three things. They can accept the offer outright, ignore the offer until it expires or make a counteroffer or multiple counteroffers (to more than one person).

If your offer is accepted, that’s great! Get ready to go into escrow. If your offer is left to expire, you may want to have your real estate agent contact the owner’s agent and get a feel for the seriousness of the sellers. If you get a counteroffer, know that the seller is looking to deal. If you like the terms of the counteroffer, accept them. If things are still not to your liking, make your own counteroffer.

It is common to go back and forth several times in the purchase of a home, so don’t let it get you down! However, if the counteroffers are not falling within your parameters, then you may want to pack up and walk away. In the time you’re spending on needless dithering, you could be finding the home of your dreams! A good real estate agent will help you understand when it’s the right time to walk away from a deal! A sample offer to purchase form (also known as a Purchase Agreement) is contained in the Appendix on page 32.

What if They Accept the Offer?

Congratulations, your offer has been accepted! Over the next 30 to 60 days, your purchase will be pending and you will begin the escrow process. Typically, an offer will have several contingencies. Contingencies are terms and conditions written into a contract by the buyer or the seller, which must be met within specified timelines in order for the sale to be completed. Know this, contingencies are a homebuyer’s best friend. When contingencies are not met, the sale is cancelled and your deposit money may be refunded.

Some common contingencies include proper financing being in place and conducting a home inspection. Without proper financing in place, you'll have a tough time paying for your new house! In addition, conducting a home inspection can re-open negotiations to pay for hidden problems the house may have – or terminate the sale entirely if truly serious problems are found.

There are many other contingencies that can be attached to the sale of a particular piece of property depending on the different needs of buyers and sellers. Again, a good real estate agent will suggest the contingencies that you should make as part of the offer.

Home Buyer Hint

Attaching excessive contingencies to an offer or sale in a hot real estate market can easily kill a deal. There may be several other buyers waiting in line with a shorter list of needs.

During the sale pending period, you will also be provided with a number of disclosures relative to the sale of your new home. These disclosures run the gamut from information about the business relationships between your real estate agent and your lender, to natural hazards that may exist in and around your new home. Two of the most important disclosures you will receive include:

- **Real Property Transfer Disclosure Statement** – This disclosure is completed by the seller. It tells you the physical condition of the property and potential hazards or defects that may be associated with it. While the seller is principally responsible for the disclosures presented in this document, the agent is also responsible for conducting a visual inspection of the property and disclosing any readily observable defects detected in the process. This document also discloses any special taxes, assessments and other factors that may have a material effect on the value or desirability of the property.
- **Agency Relationship Disclosure** – Your real estate agent is required to provide you with a written disclosure stating whom he or she represents in the transaction. The agent may represent you as the buyer exclusively, or the seller exclusively, or be a dual agent representing both you and the seller. You should carefully review and understand this disclosure as it has a material effect on the level of responsibilities that your agent owes to you.

Depending on the location, age and other factors involved with the residential property that you are purchasing, additional disclosures may be required. If you have questions about disclosures, ask your real estate agent.

Well, Take a Look at This! ... HOME INSPECTIONS

Getting a home inspection during your sale pending period is a vital – and many times required – part of the process. Your real estate agent should have a list of home inspectors in the area with good reputations. You may also want to check with the Better Business Bureau or similar organizations to insure you're getting a qualified inspector.

A good home inspector will check out the “operating ability” of your prospective purchase. Some things they'll check include: functional electrical system; plumbing; heating and air conditioning operation; window and door seals; appliance operation; garage door closer/opener; sprinkler systems; roof quality; water damage (dry rot); structural and foundation stability; and more. Be sure to carefully review the inspection report. Red flags raised may require further inspection by a specific expert.

In addition to a home inspection, most purchases require a pest inspection to insure you aren't confronted with termite infestation or other pest problems.

So, to take a huge amount of risk out of your purchase, getting a good home inspection is vital. Lots of expensive and damaging problems can be found in the inspection process. The good news is, the seller may be required to pay for the fixes before you close the sale!

A sample home inspection checklist is contained in the Appendix on page 32.

What is Escrow Anyway?

Once an offer has been accepted by a seller and both parties have signed all of the pertinent dotted lines on the offer this document becomes the sales contract (or agreement). Next, the contract and all necessary paperwork and/or funds are collected and delivered to a neutral third party called an escrow holder. During the escrow process, this neutral third party will carry out the provisions of the agreement between buyer and seller. An escrow holder is typically an escrow firm or title company. As with the other parts of your transaction, a good real estate agent can

help you find an escrow holder in your area. Check the fees charged by the various escrow holders in the area. These fees may be negotiable.

The escrow officer carries out instructions from the buyer and seller, and ensures that ownership of the property is transferred from the seller to the buyer.

Home Buyer Hint

Ask your escrow officer for an estimate of closing costs. You won't know exactly how much you'll pay until escrow closes, but it is good to know these figures ahead of time.

The escrow officer will also collect all of the odds and ends in the purchase process. This includes proof of insurance, the preliminary title report, inspection reports, loan information and the like. The escrow officer will also prepare the final closing statement. The final closing statement is much like a bank statement, in that it lists all of the credits and debits associated with the purchase of the home. Compare the closing costs to those listed on the Good Faith Estimate received from your broker/lender.

A sample of the information contained in a title report and final closing statement are contained in the Appendix on page 32.

You will typically meet with the escrow officer to sign a lot of documents. **READ EVERYTHING!** Take your time and ask questions about things you don't understand.

Hints on Closing

- Keep in close communication with your lender. Are there any problems with documentation on the loan? Has everything been verified?
- Keep in close communication with your real estate agent. Are there any problems with the home inspection? Pest report?
- Always be available for any questions from your real estate agent, escrow officer, loan officer, or anyone else involved in the buying process. Make sure you're "in the loop" with any issues that may arise.
- When it comes time to close escrow -- that is, take possession of the house -- clear some time. Figure out **WHEN** you'd like to close, and then look at when you **HAVE TO** close. Are you moving at the end of the month from a rental to your new place? Don't let delays leave you out in the street!

It's Mine! It's All mine! ... TAKING POSSESSION

Typically, the day escrow closes on your new home, you will be able to take possession of the property. Congratulations! Here are a few hints on closing day to keep in mind:

- Check to see when you will actually take possession of the house. Often, a transaction has to be recorded at the City or County Recorder's office for it to be official.
- Resist the urge to do any work to the house before escrow closes. If the deal falls through, you are out time and money.
- Be sure to do a walk-through of the house before you sign final papers and move in. Is the house in the same condition as it was when you agreed to buy?

KEEPIN' UP

So, you are in your home-sweet-home. Ownership has many rewards, so it is important to maintain that ownership! Here are some tips and advice on how to keep your head above water:

- Review the budget you set up for yourself on page 7. Are you staying within those limits?
- Check with a tax advisor to make sure you're getting the maximum write-off on your loan interest. This can mean hundreds of dollars a month!
- Watch how much you spend when you first move into your new home! This is a dangerous time to run up big credit card bills buying all of that furniture you want!
- Be sure to put a little extra away every month to cover unexpected expenses like a new hot water heater or dishwasher!
- If interest rates fall more than a half point in the months after you buy, consider refinancing your mortgage. This could save you a great deal of money over the life of the loan.

Home Buyer Hint

If you run into some financial trouble after you buy, remember to communicate! Talk to your mortgage lender and work something out. They don't want you to default on your loan, just as you don't want to default on your loan!

It's a Jungle Out There! ... BUYER BEWARE

Because there is so much money and so many different professionals are involved in the real estate purchasing process, there is always room for professional incompetence or outright fraud. Here are some things to look out for in the team that assists you in your purchase.

Home Buyer Hint

Learn enough about the real estate process to protect yourself and question any professional that assists you. A little knowledge goes a long way.

Real Estate Agents: This is the key person on your team! Make sure he or she is competent! We cannot stress this point more! Do your homework. All real estate agents must be licensed by the California Department of Real Estate. Visit the Department's web site (www.dre.ca.gov) to determine the license status of an agent. Also, talk to others who have used the agent. This is the one person you really need to trust in this process.

Lenders: There are some unscrupulous lenders out there who only want their commission or points from a loan and couldn't care less if you are getting the best loan product. There are some lending tactics that are outright fraud. Beware of the following illegal lending practices and predatory lending tactics:

- Flipping – the frequent making of new loans to refinance existing loans
- Packing – selling of additional products without the borrower's informed consent
- Charging of excessive fees
- Bait and Switch – offering of very attractive terms which are not available and then pressuring the borrower into more expensive terms and hidden fees

- Door-to-Door High Pressure Sales – typically trying to sell home improvement contracts funded by home equity loans usually with less-than-desirable terms
- Trust Selling – salespersons who try to gain your trust based on some common background and then sell you something that might not be in your best interest
- No Job! No Problem! – encouraging home equity loans to those with no job or bad credit with the knowledge that the borrower will probably lose their home because they can't make the payments
- Pressuring for Immediate Sale – insisting that a loan contract be signed immediately before the good deal is gone.

Prior to using the services of a mortgage broker or lender, make sure they are properly licensed by checking the California Department of Corporations' web site (www.corp.ca.gov) and/or the California Department of Real Estate's web site (www.dre.ca.gov).

Home Inspectors: The competency of this person is key in making sure you're purchasing a structurally sound, safe home. A home inspector who misses details can end up costing you tens of thousands of dollars in the long run. Or worse, missed details could cause you or a family member harm because of bad wiring, cracked glass and other hazards.

Escrow Officer: The escrow officer is the referee in the home buying game. Just as with your favorite sport, an incompetent – or cheating – referee is a huge headache. If bad calls are made on the part of the escrow officer, it can cost you large amounts of money or kill the whole deal.

Tax Advisor: A tax advisor can be a great asset to you financially. Finding out that certain expenses are not tax deductible after-the-fact can put you in a real bind with the IRS. Ask your real estate agent, family members, friends or others you trust if they can recommend the services of a reputable tax advisor in your area.

Resources

Books and Guides:

Tyson, E. and Brown, R. (2001) Home Buying for Dummies. New York: Hungry Minds. The authors provide straight forward and sensible advice on all aspects of the home buying process. Includes comprehensive tips on what to look out for.

Irwin, R. (2000) Buy Your First Home! Chicago: Dearborn. Irwin writes a narrative of the home buying process, start to finish. He uses several true-life stories to highlight important points.

Fidelity National Title (2001) Buyers' Home Guide. Fidelity National Title. Provides exhaustive checklists on the information required through the home buying process. Use as a companion to other material for a pre-written "to-do" list.

California Department of Real Estate (1999) Disclosures in Real Property Transactions. This booklet presents a brief overview of current real estate disclosures required by law. It also has a list of government agencies to contact for further information.

California Department of Real Estate (2000) Using the Services of a Mortgage Broker. This booklet gives a brief overview of the basic steps and factors involved in a mortgage transaction when using the services of a mortgage broker.

California Housing Finance Agency (2002) Homeownership Program Bulletins. These bulletins, which are issued frequently, provide the latest information about various home loan assistance programs in California.

Web Sites:

To check your credit report and find detailed information about how to build good credit and avoid bad credit, see the following web sites: www.equifax.com, www.transunion.com and www.experian.com.

To find a certified credit counselor, go to www.debtadvice.org or www.hud.gov.

To check the license status of a real estate agent and access other helpful consumer protection information, go to the California Department of Real Estate's web site: www.dre.ca.gov.

To learn more about the home purchase and loan process, check out www.freddiemac.com/homebuyers and/or www.fanniemae.com (click on Homepath) and/or www.hud.org (click on Online Homebuyer Education) and/or www.hud.gov.

For information on home loans, including current interest rates, home loan calculators, and special programs for first time buyers, see these web sites: www.eloan.com, www.bankrate.com, and www.hsh.com.

For information about first time home buyer programs and a variety of other home loan assistance programs in California, check out the California Housing Finance Agency at www.calhfa.ca.gov and the California Department of Housing and Community Development at www.hcd.ca.gov.

For information on home loan assistance available to eligible veterans, check out the California Department of Veterans Affairs at www.calvet.ca.gov.

Other helpful web sites include:

U.S. Department of Housing and Urban Development: www.hud.gov

U.S. Internal Revenue Service: www.irs.gov

California Department of Consumer Affairs: www.dca.ca.gov

California Department of Corporations: www.corp.ca.gov

California Department of Financial Institutions: www.dfi.ca.gov

California Franchise Tax Board: www.ftb.ca.gov

California Department of Housing and Community Development:
www.hcd.ca.gov

California Housing Finance Agency: www.calhfa.ca.gov

California Department of Insurance: www.insurance.ca.gov

California Department of Real Estate: www.dre.ca.gov

California Office of Real Estate Appraisers: www.orea.ca.gov

California Structural Pest Control Board: www.pestboard.ca.gov

California Department of Veterans Affairs: www.calvet.ca.gov

Federal Citizen Information Center: www.pueblo.gsa.gov

Glossary

- Adjustable Rate Mortgage (ARM)** — A mortgage loan which bears interest at a rate subject to change during the term of the loan, predetermined or otherwise.
- Agent** — One who acts for and with authority from another called the principal.
- Amortization** — The liquidation of a financial obligation on an installment basis; also, recovery over a period of cost or value.
- Amortized Loan** — A loan to be repaid, interest and principal, by a series of regular payments that are equal or nearly equal, without any special balloon payment prior to maturity. Also called a Level Payments Loan.
- Annual Percentage Rate** — The relative cost of credit as determined in accordance with Regulation Z of the Board of Governors of the Federal Reserve System for implementing the Federal Truth in Lending Act.
- Appraisal** — An estimate of the value of property resulting from an analysis of facts about the property. An opinion of value.
- Appraiser** — One qualified by education, training and experience who is hired to estimate the value of real and personal property based on experience, judgment, facts, and use of formal appraisal processes.
- APR** — See ANNUAL PERCENTAGE RATE.
- Balloon Payment** — An installment payment on a promissory note - usually the final one for discharging the debt - which is significantly larger than the other installment payments provided under the terms of the promissory note.
- Blighted Area** — A district affected by detrimental influences of such extent or quantity that real property values have seriously declined as a result of adverse land use and/or destructive economic forces; characterized by rapidly depreciating buildings, retrogression and no recognizable prospects for improvement. However, renewal programs and changes in use may lead to resurgence of such areas.
- Bond** — Written evidence of an obligation given by a corporation or government entity. A surety instrument.
- Broker** — A person employed for a fee by another to carry on any of the activities listed in the license law definition of a broker.
- Broker-Salesperson Relationship Agreement** — A written agreement required by the regulations of the Real Estate Commissioner setting forth the material aspects of the relationship between a real estate broker and each salesperson and broker performing licensed activities in the name of the supervising broker.
- CC&Rs** — Covenants, conditions and restrictions. The basic rules establishing the rights and obligations of owners (and their successors in interest) of real property within a subdivision or other tract of land in relation to other owners within the same subdivision or tract and in relation to an association of owners organized for the purpose of operating and maintaining property commonly owned by the individual owners.
- Closing** — Process by which all the parties to a real estate transaction conclude the details of a sale or mortgage. The process includes the signing and transfer of documents and distribution of funds.

- Closing Costs** — The miscellaneous expenses buyers and sellers normally incur in the transfer of ownership of real property over and above the cost of the property.
- Closing Statement** — An accounting of funds made to the buyer and seller separately. Required by law to be made at the completion of every real estate transaction.
- Commission** — An agent's compensation for performing the duties of the agency; in real estate practice, a percentage of the selling price of property, percentage of rentals, etc. A fee for services.
- Common Area** — An entire common interest subdivision except the separate interests therein.
- Comparable Sales** — Sales which have similar characteristics as the subject property and are used for analysis in the appraisal process. Commonly called "comparables," they are recent selling prices of properties similarly situated in a similar market.
- Compound Interest** — Interest paid on original principal and also on the accrued and unpaid interest which has accumulated as the debt matures.
- Condition** — In contracts, a future and uncertain event which must happen to create an obligation or which extinguishes an existent obligation. In conveyances of real property conditions in the conveyance may cause an interest to be vested or defeated.
- Conditional Sales Contract** — A contract for the sale of property stating that delivery is to be made to the buyer, title to remain vested in the seller until the conditions of the contract have been fulfilled.
- Condominium** — An estate in real property wherein there is an undivided interest in common in a portion of real property coupled with a separate interest in space called a unit, the boundaries of which are described on a recorded final map, parcel map or condominium plan. The areas within the boundaries may be filled with air, earth, or water or any combination and need not be attached to land except by easements for access and support.
- Conventional Mortgage** — A mortgage securing a loan made by investors without governmental underwriting, i.e., which is not FHA insured or VA guaranteed. The type customarily made by a bank or savings and loan association.
- Cooperative (apartment)** — An apartment building, owned by a corporation and in which tenancy in an apartment unit is obtained by purchase of shares of the stock of the corporation and where the owner of such shares is entitled to occupy a specific apartment in the building. In California, this type of ownership is called a "stock cooperative."
- Co-signer** — A second party who signs a promissory note together with the primary borrower.
- Discount Points** — The amount of money the borrower or seller must pay the lender to get a mortgage at a stated interest rate. This amount is equal to the difference between the principal balance on the note and the lesser amount which a purchaser of the note would pay the original lender for it under market conditions. A point equals one percent of the loan.
- Effective Interest Rate** — The percentage of interest that is actually being paid by the borrower for the use of the money, distinct from nominal interest.
- Equity** — The interest or value which an owner has in real estate over and above the liens against it.
- Equity Build-up** — The increase of owner's equity in property due to mortgage principal reduction and value appreciation.
- Escrow** — The deposit of instruments and/or funds with instructions with a third neutral party to carry out the provisions of an agreement or contract.

- Escrow Agent** — The neutral third party holding funds or something of value in trust for another or others.
- Fair Market Value** — This is the amount of money that would be paid for a property offered on the open market for a reasonable period of time with both buyer and seller knowing all the uses to which the property could be put and with neither party being under pressure to buy or sell.
- First Mortgage** — A legal document pledging collateral for a loan (see “mortgage”) that has first priority over all other claims against the property except taxes and bonded indebtedness. That mortgage superior to any other.
- Initial Note Rate** — With regard to an adjustable rate mortgage, the note rate upon origination. This rate may differ from the fully indexed note rate.
- Initial Rate Discount** — As applies to an adjustable rate mortgage, the index value at the time of loan application plus the margin less the initial note rate.
- Interest** — A portion, share or right in something. Partial, not complete ownership. The charge in dollars for the use of money for a period of time. In a sense, the “rent” paid for the use of money.
- Interest Only Loan** — A straight, non-amortizing loan in which the lender receives only interest during the term of the loan and principal is repaid in a lump sum at maturity.
- Interest Rate** — The percentage of a sum of money charged for its use. Rent or charge paid for use of money, expressed as a percentage per month or year of the sum borrowed.
- Lien** — A form of encumbrance which usually makes specific property security for the payment of a debt or discharge of an obligation. Example — judgments, taxes, mortgages, deeds of trust, etc.
- Life of Loan Cap (Cap Rate)** — With regard to an adjustable rate mortgage, a ceiling the note rate cannot exceed over the life of the loan.
- Listing** — An employment contract between principal and agent authorizing the agent to perform services for the principal involving the latter’s property; listing contracts are entered into for the purpose of securing persons to buy, lease, or rent property. Employment of an agent by a prospective purchaser or lessee to locate property for purchase or lease may be considered a listing.
- Loan Application** — The loan application is a source of information on which the lender bases a decision to make the loan; defines the terms of the loan contract, gives the name of the borrower, place of employment, salary, bank accounts, and credit references, and describes the real estate that is to be mortgaged. It also stipulates the amount of loan being applied for and repayment terms.
- Loan Closing** — When all conditions have been met, the loan officer authorizes the recording of the trust deed or mortgage. The disbursement of funds is similar to the closing of a real estate sales escrow. The borrower can expect to receive less than the amount of the loan, as title, recording, service, and other fees may be withheld, or can expect to deposit the cost of these items into the loan escrow. This process is sometimes called “funding” the loan.
- Loan-to-Value Rate** — The percentage of a property’s value that a lender can or may loan to a borrower. For example, if the ratio is 80% this means that a lender may loan 80% of the property’s appraised value to a borrower.
- Market Data Approach** — One of the three methods in the appraisal process. A means of comparing similar type properties, which have recently sold, to the subject property. Commonly used in comparing residential properties.

Market Price — The price paid regardless of pressures, motives or intelligence.

Market Value — The highest price in terms of money which a property will bring in a competitive and open market and under all conditions required for a fair sale, i.e., the buyer and seller acting prudently, knowledgeably and neither affected by undue pressures.

Mile — 5,280 feet.

Multiple Listing — A listing, usually an exclusive right to sell, taken by a member of an organization composed of real estate brokers, with the provisions that all members will have the opportunity to find an interested buyer; a cooperative listing insuring owner property will receive a wider market exposure.

Multiple Listing Service — An association of real estate agents providing for a pooling of listings and the sharing of commissions on a specified basis.

Narrative Appraisal — A summary of all factual materials, techniques and appraisal methods used by the appraiser in setting forth his or her value conclusion.

Negative Amortization — Occurs when monthly installment payments are insufficient to pay the interest accruing on the principal balance, so that the unpaid interest must be added to the principal due.

Offer To Purchase — The proposal made to an owner of property by a potential buyer to purchase the property under stated terms.

Open Listing — An authorization given by a property owner to a real estate agent wherein said agent is given the nonexclusive right to secure a purchaser; open listings may be given to any number of agents without liability by the seller to compensate any except the one who first secures a buyer ready, willing and able to meet the terms of the listing, or secures the acceptance by the seller of a satisfactory offer.

Payment Cap — With regard to an adjustable rate mortgage, this limits the amount of increase in the borrower's monthly principal and interest at the payment adjustment date, if the principal and interest increase called for by the interest rate increase exceeds the payment cap percentage. This limitation is often at the borrower's option and may result in negative amortization.

Principal — This term is used to mean the employer of an agent; or the amount of money borrowed, or the amount of the loan. Also, one of the main parties in a real estate transaction, such as a buyer, borrower, seller, lessor.

Private Mortgage Insurance — Mortgage guaranty insurance available to conventional lenders on the first, high risk portion of a loan (PMI).

Promissory Note — Following a loan commitment from the lender, the borrower signs a note, promising to repay the loan under stipulated terms. The promissory note establishes personal liability for its payment. The evidence of the debt.

Proration — Adjustments of interest, taxes, and insurance, etc., on a pro rata basis as of the closing or agreed upon date. Fire insurance is normally paid for three years in advance. If a property is sold during this time, the seller wants a refund on that portion of the advance payment that has not been used at the time the title to the property is transferred.

Real Property — Land and anything growing on, attached to or erected on it, excluding anything that may be severed without injury to the land.

Real Property Sales Contract — An agreement to convey title to real property upon satisfaction of specified conditions.

- Recording** — The process of placing a document on file with a designated public official for public notice. This public official is usually a county officer known as the County Recorder who designates the fact that a document has been presented for recording by placing a recording stamp upon it indicating the time of day and the date when it was officially placed on file. Documents filed with the Recorder are considered to be placed on open notice to the general public of that county. Claims against property usually are given a priority on the basis of the time and the date they are recorded with the most preferred claim going to the earliest one recorded and the next claim going to the next earliest one recorded, and so on. This type of notice is called “constructive notice” or “legal notice”.
- Refinancing** — The paying-off of an existing obligation and assuming a new obligation in its place. To finance anew, or extend or renew existing financing.
- Risk Rating** — A process used by the lender to decide on the soundness of making a loan and to reduce all the various factors affecting the repayment of the loan to a qualified rating of some kind.
- Sales Contract** — A contract by which buyer and seller agree to terms of a sale.
- Tenancy In Common** — Co-ownership of property by two or more persons who hold undivided interests, without right of survivorship; interests need not be equal.
- Tenant** — The party who has legal possession and use of real property belonging to another.
- Title** — Indicates “fee” position of lawful ownership and right to property. “Bundle of Rights” possessed by an owner. Combination of all elements constituting proof of ownership.
- Title Insurance** — Insurance to protect a real property owner or lender up to a specified amount against certain types of loss, e.g., defective or unmarketable title.
- Title Report** — A report which discloses condition of the title, made by a title company preliminary to issuance of title insurance policy.
- Townhouse** — One of a row of houses usually of the same or similar design with common side walls or with a very narrow space between adjacent side walls.
- Transfer Fee** — A charge made by a lending institution holding or collecting on a real estate mortgage to change its records to reflect a different ownership.
- Trust Deed** — Just as with a mortgage this is a legal document by which a borrower pledges certain real property or collateral as guarantee for the repayment of a loan. However, it differs from the mortgage in a number of important respects. For example, instead of there being two parties to the transaction there are three. There is the borrower who signs the trust deed and who is called the trustor. There is the third, neutral party, to whom trustor deeds the property as security for the payment of the debt, who is called the trustee. And, finally, there is the lender who is called the beneficiary, the one who benefits from the pledge agreement in that in the event of a default the trustee can sell the property and transfer the money obtained at the sale to lender as payment of the debt.
- Underwriting** — Insuring something against loss; guaranteeing financially.
- Value** — See MARKET VALUE
- Variable Interest Rate** — (VIR or VMR, Variable Mortgage Rates.) An interest rate in a real estate loan which by the terms of the note varies upward and downward over the term of the loan depending on money market conditions.

Participant Feedback Form

Use the following statements to evaluate the instruction and materials presented.
Rate each item on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree).

CONTENT

- | SD | | SA | | | |
|----|---|----|---|---|---|
| ① | ② | ③ | ④ | ⑤ | I learned a lot from this session. |
| ① | ② | ③ | ④ | ⑤ | What I learned from this session is important to me. |
| ① | ② | ③ | ④ | ⑤ | The information presented in this session is useful to me. |
| ① | ② | ③ | ④ | ⑤ | What I learned in this session is helpful and beneficial to me. |
| ① | ② | ③ | ④ | ⑤ | The material presented in this session was easy for me to understand. |

TRAINER

- | SD | | SA | | | |
|----|---|----|---|---|---|
| ① | ② | ③ | ④ | ⑤ | The trainer was knowledgeable and well prepared. |
| ① | ② | ③ | ④ | ⑤ | The trainer was effective in presenting the information to me. |
| ① | ② | ③ | ④ | ⑤ | The trainer was clear and accurate in presenting the material. |
| ① | ② | ③ | ④ | ⑤ | The trainer was highly approachable and made it easy for me to ask questions. |
| ① | ② | ③ | ④ | ⑤ | Overall, I would rate this trainer as highly effective. |

ACTIVITIES

- | SD | | SA | | | |
|----|---|----|---|---|--|
| ① | ② | ③ | ④ | ⑤ | I enjoyed the activities included in this session. |
| ① | ② | ③ | ④ | ⑤ | The activities included in this session were useful for learning the information. |
| ① | ② | ③ | ④ | ⑤ | It was easy for me to participate in many of the activities presented in this session. |
| ① | ② | ③ | ④ | ⑤ | I found the activities relevant to my life. |
| ① | ② | ③ | ④ | ⑤ | It was easy for me to relate to the activities. |

Appendix

On the following pages, you will find samples of typical home buying forms. These include:

- Estimated Closing Costs Worksheet
- Offer Form/Purchase Agreement
- Home Inspection Checklist
- Title Report
- Final Closing Statement (Settlement Statement)
- Real Property Transfer Disclosure Statement
- Agency Relationship Disclosure

These forms are samples only, and may differ from the forms you may encounter during the home buying process.

Worksheet Closing Costs

	Paid from buyer's funds at closing	Paid from seller's funds at closing
Sale price of home	\$	\$
PLUS:		
Closing agent costs		
Mortgage-related costs:		
Loan origination fee		
Loan discount points		
Appraisal fee		
Credit report fee		
Assumption fee		
Prepaid interest		
Insurance premium costs:		
Mortgage insurance premium		
First year's homeowner's insurance premium		
Escrow accounts (reserves):		
Mortgage insurance escrow		
Homeowner's insurance escrow		
Property tax escrow		
Government-imposed costs:		
Recording fee		
Transfer tax		
Additional costs:		
Property survey		
Termite inspection		
Well and septic certifications		
Homeowner's association fee		
Condominium fee		
Other		
Other		
Subtotal	\$	\$
MINUS:		
Earnest money deposit		
Mortgage loan amount		
Seller credits (use seller's subtotal)		
TOTAL AMOUNT NEEDED FOR CLOSING	\$	\$



CALIFORNIA
ASSOCIATION
OF REALTORS®

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

For Use With Single Family Residential Property — Attached or Detached
(C.A.R. Form RPA-CA, Revised 10/02)

Date _____, at _____, California.

1. OFFER:

A. THIS IS AN OFFER FROM _____ ("Buyer").

B. THE REAL PROPERTY TO BE ACQUIRED is described as _____
_____, Assessor's Parcel No. _____, situated in
_____, County of _____, California, ("Property").

C. THE PURCHASE PRICE offered is _____ Dollars \$ _____.

D. CLOSE OF ESCROW shall occur on _____ (date) (or ☐ _____ Days After Acceptance).

2. FINANCE TERMS: Obtaining the loans below **is a contingency** of this Agreement unless: (i) either 2K or 2L is checked below; or (ii) otherwise agreed in writing. Buyer shall act diligently and in good faith to obtain the designated loans. Obtaining deposit, down payment and closing costs **is not a contingency**. Buyer represents that funds will be good when deposited with Escrow Holder.

A. INITIAL DEPOSIT: Buyer has given a deposit in the amount of _____ \$ _____
to the agent submitting the offer (or to ☐ _____), by personal check
(or ☐ _____), made payable to _____
which shall be held uncashed until Acceptance and then deposited within 3 business days after
Acceptance (or ☐ _____), with
Escrow Holder, (or ☐ into Broker's trust account).

B. INCREASED DEPOSIT: Buyer shall deposit with Escrow Holder an increased deposit in the amount of _____ \$ _____
within _____ Days After Acceptance, or ☐ _____.

C. FIRST LOAN IN THE AMOUNT OF _____ \$ _____.

(1) NEW First Deed of Trust in favor of lender, encumbering the Property, securing a note payable at
maximum interest of _____ % fixed rate, or _____ % initial adjustable rate with a maximum
interest rate of _____ %, balance due in _____ years, amortized over _____ years. Buyer
shall pay loan fees/points not to exceed _____. (These terms apply whether the designated loan
is conventional, FHA or VA.)

(2) ☐ FHA ☐ VA: (The following terms only apply to the FHA or VA loan that is checked.)
Seller shall pay _____ % discount points. Seller shall pay other fees not allowed to be paid by
Buyer, ☐ not to exceed \$ _____. Seller shall pay the cost of lender required Repairs
(including those for wood destroying pest) not otherwise provided for in this Agreement, ☐ not to
exceed \$ _____. (Actual loan amount may increase if mortgage insurance premiums,
funding fees or closing costs are financed.)

D. ADDITIONAL FINANCING TERMS: ☐ Seller financing, (C.A.R. Form SFA); ☐ secondary financing, . . . \$ _____
(C.A.R. Form PAA, paragraph 4A); ☐ assumed financing (C.A.R. Form PAA, paragraph 4B)

E. BALANCE OF PURCHASE PRICE (not including costs of obtaining loans and other closing costs) in the amount of _____ \$ _____
to be deposited with Escrow Holder within sufficient time to close escrow.

F. PURCHASE PRICE (TOTAL): _____ \$ _____.

G. LOAN APPLICATIONS: Within 7 (or ☐ _____) Days After Acceptance, Buyer shall provide Seller a letter from lender or
mortgage loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or
preapproved for the NEW loan specified in 2C above.

H. VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS: Buyer (or Buyer's lender or loan broker pursuant to 2G) shall, within
7 (or ☐ _____) Days After Acceptance, provide Seller written verification of Buyer's down payment and closing costs.

I. LOAN CONTINGENCY REMOVAL: (i) Within 17 (or ☐ _____) Days After Acceptance, Buyer shall, as specified in paragraph
14, remove the loan contingency or cancel this Agreement; OR (ii) (if checked) ☐ the loan contingency shall remain in effect
until the designated loans are funded.

J. APPRAISAL CONTINGENCY AND REMOVAL: This Agreement is (OR, if checked, ☐ is NOT) contingent upon the Property
appraising at no less than the specified purchase price. If there is a loan contingency, at the time the loan contingency is
removed (or, if checked, ☐ within 17 (or _____) Days After Acceptance), Buyer shall, as specified in paragraph 14B(3), remove
the appraisal contingency or cancel this Agreement. If there is no loan contingency, Buyer shall, as specified in paragraph
14B(3), remove the appraisal contingency within 17 (or _____) Days After Acceptance.

K. ☐ NO LOAN CONTINGENCY (If checked): Obtaining any loan in paragraphs 2C, 2D or elsewhere in this Agreement is NOT
a contingency of this Agreement. If Buyer does not obtain the loan and as a result Buyer does not purchase the Property, Seller
may be entitled to Buyer's deposit or other legal remedies.

L. ☐ ALL CASH OFFER (If checked): No loan is needed to purchase the Property. Buyer shall, within 7 (or ☐ _____) Days After Acceptance,
provide Seller written verification of sufficient funds to close this transaction.

3. CLOSING AND OCCUPANCY:

A. Buyer intends (or ☐ does not intend) to occupy the Property as Buyer's primary residence.

B. Seller-occupied or vacant property: Occupancy shall be delivered to Buyer at _____ AM/PM, ☐ on the date of Close Of
Escrow; ☐ on _____; or ☐ no later than _____ Days After Close Of Escrow. (C.A.R. Form PAA, paragraph 2.) If
transfer of title and occupancy do not occur at the same time, Buyer and Seller are advised to: (i) enter into a written occupancy
agreement; and (ii) consult with their insurance and legal advisors.

The copyright laws of the United States (Title 17 U.S. Code) forbid the unauthorized
reproduction of this form, or any portion thereof, by photocopy machine or any other
means, including facsimile or computerized formats. Copyright © 1991-2003,
CALIFORNIA ASSOCIATION OF REALTORS®, INC. ALL RIGHTS RESERVED.
RPA-CA REVISED 10/02 (PAGE 1 OF 8) Print Date _____

Buyer's Initials (____)(____)

Seller's Initials (____)(____)

Reviewed by _____ Date _____



Property Address: _____

Date: _____

- C. **Tenant-occupied property:** (i) Property shall be vacant at least 5 (or ☐ _____) Days Prior to Close Of Escrow, unless otherwise agreed in writing. **Note to Seller: If you are unable to deliver Property vacant in accordance with rent control and other applicable Law, you may be in breach of this Agreement.**
- OR (ii) (if checked) ☐ **Tenant to remain in possession.** The attached addendum is incorporated into this Agreement (C.A.R. Form PAA, paragraph 3.);
- OR (iii) (if checked) ☐ **This Agreement is contingent** upon Buyer and Seller entering into a written agreement regarding occupancy of the Property within the time specified in paragraph 14B(1). If no written agreement is reached within this time, either Buyer or Seller may cancel this Agreement in writing.
- D. At Close Of Escrow, Seller assigns to Buyer any assignable warranty rights for items included in the sale and shall provide any available Copies of such warranties. Brokers cannot and will not determine the assignability of any warranties.
- E. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys and/or means to operate all locks, mailboxes, security systems, alarms and garage door openers. If Property is a condominium or located in a common interest subdivision, Buyer may be required to pay a deposit to the Homeowners' Association ("HOA") to obtain keys to accessible HOA facilities.
4. **ALLOCATION OF COSTS** (If checked): Unless otherwise specified here, this paragraph only determines who is to pay for the report, inspection, test or service mentioned. If not specified here or elsewhere in this Agreement, the determination of who is to pay for any work recommended or identified by any such report, inspection, test or service shall be by the method specified in paragraph 14B(2).
- A. **WOOD DESTROYING PEST INSPECTION:**
- (1) ☐ Buyer ☐ Seller shall pay for an inspection and report for wood destroying pests and organisms ("Report") which shall be prepared by _____, a registered structural pest control company. The Report shall cover the accessible areas of the main building and attached structures and, if checked: ☐ detached garages and carports, ☐ detached decks, ☐ the following other structures or areas _____.
- The Report shall not include roof coverings. If Property is a condominium or located in a common interest subdivision, the Report shall include only the separate interest and any exclusive-use areas being transferred and shall not include common areas, unless otherwise agreed. Water tests of shower pans on upper level units may not be performed without consent of the owners of property below the shower.
- OR (2) ☐ (If checked) The attached addendum (C.A.R. Form WPA) regarding wood destroying pest inspection and allocation of cost is incorporated into this Agreement.
- B. **OTHER INSPECTIONS AND REPORTS:**
- (1) ☐ Buyer ☐ Seller shall pay to have septic or private sewage disposal systems inspected _____.
- (2) ☐ Buyer ☐ Seller shall pay to have domestic wells tested for water potability and productivity _____.
- (3) ☐ Buyer ☐ Seller shall pay for a natural hazard zone disclosure report prepared by _____.
- (4) ☐ Buyer ☐ Seller shall pay for the following inspection or report _____.
- (5) ☐ Buyer ☐ Seller shall pay for the following inspection or report _____.
- C. **GOVERNMENT REQUIREMENTS AND RETROFIT:**
- (1) ☐ Buyer ☐ Seller shall pay for smoke detector installation and/or water heater bracing, if required by Law. Prior to Close Of Escrow, Seller shall provide Buyer a written statement of compliance in accordance with state and local Law, unless exempt.
- (2) ☐ Buyer ☐ Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards, inspections and reports if required as a condition of closing escrow under any Law. _____.
- D. **ESCROW AND TITLE:**
- (1) ☐ Buyer ☐ Seller shall pay escrow fee _____.
- Escrow Holder shall be _____.
- (2) ☐ Buyer ☐ Seller shall pay for owner's title insurance policy specified in paragraph 12E _____.
- Owner's title policy to be issued by _____.
- (Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)
- E. **OTHER COSTS:**
- (1) ☐ Buyer ☐ Seller shall pay County transfer tax or transfer fee _____.
- (2) ☐ Buyer ☐ Seller shall pay City transfer tax or transfer fee _____.
- (3) ☐ Buyer ☐ Seller shall pay HOA transfer fee _____.
- (4) ☐ Buyer ☐ Seller shall pay HOA document preparation fees _____.
- (5) ☐ Buyer ☐ Seller shall pay the cost, not to exceed \$ _____, of a one-year home warranty plan, issued by _____, with the following optional coverage: _____.
- (6) ☐ Buyer ☐ Seller shall pay for _____.
- (7) ☐ Buyer ☐ Seller shall pay for _____.
5. **STATUTORY DISCLOSURES (INCLUDING LEAD-BASED PAINT HAZARD DISCLOSURES) AND CANCELLATION RIGHTS:**
- A. (1) Seller shall, within the time specified in paragraph 14A, deliver to Buyer, if required by Law: (i) Federal Lead-Based Paint Disclosures and pamphlet ("Lead Disclosures"); and (ii) disclosures or notices required by sections 1102 et. seq. and 1103 et. seq. of the California Civil Code ("Statutory Disclosures"). Statutory Disclosures include, but are not limited to, a Real Estate Transfer Disclosure Statement ("TDS"), Natural Hazard Disclosure Statement ("NHD"), notice of actual knowledge of release of illegal controlled substance, notice of special tax and/or assessments (or, if allowed, substantially equivalent notice regarding the Mello-Roos Community Facilities Act and Improvement Bond Act of 1915) and, if Seller has actual knowledge, an industrial use and military ordnance location disclosure (C.A.R. Form SSD).
- (2) Buyer shall, within the time specified in paragraph 14B(1), return Signed Copies of the Statutory and Lead Disclosures to Seller.
- (3) In the event Seller, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer of which Buyer is otherwise unaware, Seller shall promptly provide a subsequent or amended disclosure or notice, in writing, covering those items. **However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies disclosed in reports ordered and paid for by Buyer.**

Buyer's Initials (____)(____)
Seller's Initials (____)(____)

Reviewed by _____ Date _____



Property Address: _____

Date: _____

(4) If any disclosure or notice specified in 5A(1), or subsequent or amended disclosure or notice is delivered to Buyer after the offer is Signed, Buyer shall have the right to cancel this Agreement within **3 Days** After delivery in person, or **5 Days** After delivery by deposit in the mail, by giving written notice of cancellation to Seller or Seller's agent. (Lead Disclosures sent by mail must be sent certified mail or better.)

(5) **Note to Buyer and Seller: Waiver of Statutory and Lead Disclosures is prohibited by Law.**

B. **NATURAL AND ENVIRONMENTAL HAZARDS:** Within the time specified in paragraph 14A, Seller shall, if required by Law: (i) deliver to Buyer earthquake guides (and questionnaire) and environmental hazards booklet; (ii) even if exempt from the obligation to provide a NHD, disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.

C. **DATA BASE DISCLOSURE: NOTICE:** The California Department of Justice, sheriff's departments, police departments serving jurisdictions of 200,000 or more and many other local law enforcement authorities maintain for public access a data base of the locations of persons required to register pursuant to paragraph (1) of subdivision (a) of Section 290.4 of the Penal Code. The data base is updated on a quarterly basis and a source of information about the presence of these individuals in any neighborhood. The Department of Justice also maintains a Sex Offender Identification Line through which inquiries about individuals may be made. This is a "900" telephone service. Callers must have specific information about individuals they are checking. Information regarding neighborhoods is not available through the "900" telephone service.

6. **CONDOMINIUM/PLANNED UNIT DEVELOPMENT DISCLOSURES:**

A. **SELLER HAS:** 7 (or ☐ _____) Days After Acceptance to disclose to Buyer whether the Property is a condominium, or is located in a planned unit development or other common interest subdivision (C.A.R. Form SSD).

B. If the Property is a condominium or is located in a planned unit development or other common interest subdivision, Seller has 3 (or ☐ _____) Days After Acceptance to request from the HOA (C.A.R. Form HOA): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the HOA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of HOA minutes for regular and special meetings; and (v) the names and contact information of all HOAs governing the Property (collectively, "CI Disclosures"). Seller shall itemize and deliver to Buyer all CI Disclosures received from the HOA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 14B(3).

7. **CONDITIONS AFFECTING PROPERTY:**

A. Unless otherwise agreed: (i) the Property is sold (a) in its **PRESENT physical condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights**; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Close Of Escrow.

B. **SELLER SHALL, within the time specified in paragraph 14A, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, AND MAKE OTHER DISCLOSURES REQUIRED BY LAW (C.A.R. Form SSD).**

C. **NOTE TO BUYER:** You are strongly advised to conduct investigations of the entire Property in order to determine its present condition since Seller may not be aware of all defects affecting the Property or other factors that you consider important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.

D. **NOTE TO SELLER:** Buyer has the right to inspect the Property and, as specified in paragraph 14B, based upon information discovered in those inspections: (i) cancel this Agreement; or (ii) request that you make Repairs or take other action.

8. **ITEMS INCLUDED AND EXCLUDED:**

A. **NOTE TO BUYER AND SELLER:** Items listed as included or excluded in the MLS, flyers or marketing materials are not included in the purchase price or excluded from the sale unless specified in 8B or C.

B. **ITEMS INCLUDED IN SALE:**

- (1) All EXISTING fixtures and fittings that are attached to the Property;
- (2) Existing electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, private integrated telephone systems, air coolers/conditioners, pool/spa equipment, garage door openers/remote controls, mailbox, in-ground landscaping, trees/shrubs, water softeners, water purifiers, security systems/alarms; and
- (3) The following items: _____

(4) Seller represents that all items included in the purchase price, unless otherwise specified, are owned by Seller.

(5) All items included shall be transferred free of liens and without Seller warranty.

C. **ITEMS EXCLUDED FROM SALE:** _____

9. **BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:**

A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 14B. Within the time specified in paragraph 14B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms; (iii) review the registered sex offender database; (iv) confirm the insurability of Buyer and the Property; and (v) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA). Without Seller's prior written consent, Buyer shall neither make nor cause to be made: (i) invasive or destructive Buyer Investigations; or (ii) inspections by any governmental building or zoning inspector or government employee, unless required by Law.

B. Buyer shall complete Buyer Investigations and, as specified in paragraph 14B, remove the contingency or cancel this Agreement. Buyer shall give Seller, at no cost, complete Copies of all Buyer Investigation reports obtained by Buyer. Seller shall make the Property available for all Buyer Investigations. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.

Buyer's Initials (____)(____)

Seller's Initials (____)(____)

Reviewed by _____ Date _____



Property Address: _____

Date: _____

10. **REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of receipts and statements to Buyer prior to final verification of condition.
11. **BUYER INDEMNITY AND SELLER PROTECTION FOR ENTRY UPON PROPERTY:** Buyer shall: (i) keep the Property free and clear of liens; (ii) Repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination of this Agreement.
12. **TITLE AND VESTING:**
- A. Within the time specified in paragraph 14, Buyer shall be provided a current preliminary (title) report, which is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the preliminary report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 14B.
 - B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except: (i) monetary liens of record unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.
 - C. Within the time specified in paragraph 14A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.
 - D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.
 - E. Buyer shall receive a CLTA/ALTA Homeowner's Policy of Title Insurance. A title company, at Buyer's request, can provide information about the availability, desirability, coverage, and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and pay any increase in cost.
13. **SALE OF BUYER'S PROPERTY:**
- A. This Agreement is NOT contingent upon the sale of any property owned by Buyer.
 - OR B. ☐ (If checked): The attached addendum (C.A.R. Form COP) regarding the contingency for the sale of property owned by Buyer is incorporated into this Agreement.
14. **TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS:** The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph must be in writing (C.A.R. Form CR).
- A. **SELLER HAS: 7 (or ☐ _____) Days** After Acceptance to deliver to Buyer all reports, disclosures and information for which Seller is responsible under paragraphs 4, 5A and B, 6A, 7B and 12.
 - B. (1) **BUYER HAS: 17 (or ☐ _____) Days** After Acceptance, unless otherwise agreed in writing, to:
 - (i) complete all Buyer Investigations; approve all disclosures, reports and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property (including lead-based paint and lead-based paint hazards as well as other information specified in paragraph 5 and insurability of Buyer and the Property); and
 - (ii) return to Seller Signed Copies of Statutory and Lead Disclosures delivered by Seller in accordance with paragraph 5A.
 - (2) Within the time specified in 14B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests.
 - (3) By the end of the time specified in 14B(1) (or 2I for loan contingency or 2J for appraisal contingency), Buyer shall, in writing, remove the applicable contingency (C.A.R. Form CR) or cancel this Agreement. However, if the following inspections, reports or disclosures are not made within the time specified in 14A, then Buyer has **5 (or ☐ _____) Days** after receipt of any such items, or the time specified in 14B(1), whichever is later, to remove the applicable contingency or cancel this Agreement in writing: (i) government-mandated inspections or reports required as a condition of closing; or (ii) Common Interest Disclosures pursuant to paragraph 6B.
 - C. **CONTINUATION OF CONTINGENCY OR CONTRACTUAL OBLIGATION; SELLER RIGHT TO CANCEL:**
 - (1) **Seller right to Cancel; Buyer Contingencies:** Seller, after first giving Buyer a Notice to Buyer to Perform (as specified below), may cancel this Agreement in writing and authorize return of Buyer's deposit if, by the time specified in this Agreement, Buyer does not remove in writing the applicable contingency or cancel this Agreement. Once all contingencies have been removed, failure of either Buyer or Seller to close escrow on time may be a breach of this Agreement.
 - (2) **Continuation of Contingency:** Even after the expiration of the time specified in 14B(1), Buyer retains the right to make requests to Seller, remove in writing the applicable contingency or cancel this Agreement until Seller cancels pursuant to 14C(1). Once Seller receives Buyer's written removal of all contingencies, Seller may not cancel this Agreement pursuant to 14C(1).
 - (3) **Seller right to Cancel; Buyer Contract Obligations:** Seller, after first giving Buyer a Notice to Buyer to Perform (as specified below), may cancel this Agreement in writing and authorize return of Buyer's deposit for any of the following reasons: (i) if Buyer fails to deposit funds as required by 2A or 2B; (ii) if the funds deposited pursuant to 2A or 2B are not good when deposited; (iii) if Buyer fails to provide a letter as required by 2G; (iv) if Buyer fails to provide verification as required by 2H or 2L; (v) if Seller reasonably disapproves of the verification provided by 2H or 2L; (vi) if Buyer fails to return Statutory and Lead Disclosures as required by paragraph 5A(2); or (vii) if Buyer fails to sign or initial a separate liquidated damage form for an increased deposit as required by paragraph 16. **Seller is not required to give Buyer a Notice to Perform regarding Close of Escrow.**
 - (4) **Notice To Buyer To Perform:** The Notice to Buyer to Perform (C.A.R. Form NBP) shall: (i) be in writing; (ii) be signed by Seller; and (iii) give Buyer at least **24 (or ☐ _____) hours** (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A Notice to Buyer to Perform may not be given any earlier than **2 Days** Prior to the expiration of the applicable time for Buyer to remove a contingency or cancel this Agreement or meet a 14C(3) obligation.

Buyer's Initials (____)(____)

Seller's Initials (____)(____)

Reviewed by _____ Date _____



Property Address: _____

Date: _____

- D. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES :** If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in a separate written agreement between Buyer and Seller, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections pertaining to that contingency or cancellation right, or for inability to obtain financing.
- E. EFFECT OF CANCELLATION ON DEPOSITS:** If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, Buyer and Seller agree to Sign mutual instructions to cancel the sale and escrow and release deposits, less fees and costs, to the party entitled to the funds. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. **Release of funds will require mutual Signed release instructions from Buyer and Seller, judicial decision or arbitration award. A party may be subject to a civil penalty of up to \$1,000 for refusal to sign such instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).**
- 15. FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final inspection of the Property within 5 (or _____) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 7A; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement.
- 16. LIQUIDATED DAMAGES:** If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. If the Property is a dwelling with no more than four units, one of which Buyer intends to occupy, then the amount retained shall be no more than 3% of the purchase price. Any excess shall be returned to Buyer. Release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award.
BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION FOR ANY INCREASED DEPOSIT. (C.A.R. FORM RID)

Buyer's Initials _____ / _____	Seller's Initials _____ / _____
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- 17. DISPUTE RESOLUTION:**
- A. MEDIATION:** Buyer and Seller agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. Paragraphs 17B(2) and (3) below apply whether or not the Arbitration provision is initialed. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.
- B. ARBITRATION OF DISPUTES: (1) Buyer and Seller agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration, including and subject to paragraphs 17B(2) and (3) below. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California Law. The parties shall have the right to discovery in accordance with California Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part III of the California Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Interpretation of this agreement to arbitrate shall be governed by the Federal Arbitration Act.**
- (2) EXCLUSIONS FROM MEDIATION AND ARBITRATION:** The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in California Civil Code §2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver of the mediation and arbitration provisions.
- (3) BROKERS:** Buyer and Seller agree to mediate and arbitrate disputes or claims involving either or both Brokers, consistent with 17A and B, provided either or both Brokers shall have agreed to such mediation or arbitration prior to, or within a reasonable time after, the dispute or claim is presented to Brokers. Any election by either or both Brokers to participate in mediation or arbitration shall not result in Brokers being deemed parties to the Agreement.
- "NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."**
- "WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."**

Buyer's Initials _____ / _____	Seller's Initials _____ / _____
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Buyer's Initials (____)(____)
Seller's Initials (____)(____)

Reviewed by _____ Date _____



Property Address: _____

Date: _____

18. **PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are now a lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller. TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.
19. **WITHHOLDING TAXES:** Seller and Buyer agree to execute any instrument, affidavit, statement or instruction reasonably necessary to comply with federal (FIRPTA) and California withholding Law, if required (C.A.R. Forms AS and AB).
20. **MULTIPLE LISTING SERVICE ("MLS"):** Brokers are authorized to report to the MLS a pending sale and, upon Close Of Escrow, the terms of this transaction to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS.
21. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
22. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 17A.
23. **SELECTION OF SERVICE PROVIDERS:** If Brokers refer Buyer or Seller to persons, vendors, or service or product providers ("Providers"), Brokers do not guarantee the performance of any Providers. Buyer and Seller may select ANY Providers of their own choosing.
24. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. **Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.**
25. **OTHER TERMS AND CONDITIONS,** including attached supplements:
- A. ☒ Buyer's Inspection Advisory (C.A.R. Form BIA)
- B. ☐ Purchase Agreement Addendum (C.A.R. Form PAA paragraph numbers: _____)
- C. _____
26. **DEFINITIONS:** As used in this Agreement:
- A. **"Acceptance"** means the time the offer or final counter offer is accepted in writing by a party and is delivered to and personally received by the other party or that party's authorized agent in accordance with the terms of this offer or a final counter offer.
- B. **"Agreement"** means the terms and conditions of this accepted California Residential Purchase Agreement and any accepted counter offers and addenda.
- C. **"C.A.R. Form"** means the specific form referenced or another comparable form agreed to by the parties.
- D. **"Close Of Escrow"** means the date the grant deed, or other evidence of transfer of title, is recorded. If the scheduled close of escrow falls on a Saturday, Sunday or legal holiday, then close of escrow shall be the next business day after the scheduled close of escrow date.
- E. **"Copy"** means copy by any means including photocopy, NCR, facsimile and electronic.
- F. **"Days"** means calendar days, unless otherwise required by Law.
- G. **"Days After"** means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59PM on the final day.
- H. **"Days Prior"** means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
- I. **"Electronic Copy" or "Electronic Signature"** means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other.
- J. **"Law"** means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
- K. **"Notice to Buyer to Perform"** means a document (C.A.R. Form NBP), which shall be in writing and Signed by Seller and shall give Buyer at least 24 hours (or as otherwise specified in paragraph 14C(4)) to remove a contingency or perform as applicable.
- L. **"Repairs"** means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
- M. **"Signed"** means either a handwritten or electronic signature on an original document, Copy or any counterpart.
- N. **Singular and Plural** terms each include the other, when appropriate.

Buyer's Initials (____)(____)
Seller's Initials (____)(____)

Reviewed by _____ Date _____



Property Address: _____

Date: _____

27. AGENCY:

- A. DISCLOSURE:** Buyer and Seller each acknowledge prior receipt of C.A.R. Form AD "Disclosure Regarding Real Estate Agency Relationships."
- B. POTENTIALLY COMPETING BUYERS AND SELLERS:** Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer-broker agreement or separate document (C.A.R. Form DA). Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties of interest to this Buyer.
- C. CONFIRMATION:** The following agency relationships are hereby confirmed for this transaction:
Listing Agent _____ (Print Firm Name) is the agent of (check one): ☐ the Seller exclusively; or ☐ both the Buyer and Seller.
Selling Agent _____ (Print Firm Name) (if not same as Listing Agent) is the agent of (check one): ☐ the Buyer exclusively; or ☐ the Seller exclusively; or ☐ both the Buyer and Seller. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.

28. JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:

- A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder,** which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: 1, 2, 4, 12, 13B, 14E, 18, 19, 24, 25B and C, 26, 28, 29, 32A, 33 and paragraph D of the section titled Real Estate Brokers on page 8. If a Copy of the separate compensation agreement(s) provided for in paragraph 29 or 32A, or paragraph D of the section titled Real Estate Brokers on page 8 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provisions upon Escrow Holder's request. To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow.
- B. A Copy of this Agreement shall be delivered to Escrow Holder within 3 business days after Acceptance** (or ☐ _____). Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement.
- C. Brokers are a party to the escrow for the sole purpose of compensation pursuant to paragraphs 29, 32A and paragraph D of the section titled Real Estate Brokers on page 8.** Buyer and Seller irrevocably assign to Brokers compensation specified in paragraphs 29 and 32A, respectively, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Escrow Holder shall immediately notify Brokers: (i) if Buyer's initial or any additional deposit is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or (ii) if Buyer and Seller instruct Escrow Holder to cancel escrow.
- D. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 2 business days after mutual execution of the amendment.**

29. BROKER COMPENSATION FROM BUYER: If applicable, upon Close Of Escrow, **Buyer** agrees to pay compensation to Broker as specified in a separate written agreement between Buyer and Broker.

30. TERMS AND CONDITIONS OF OFFER:

This is an offer to purchase the Property on the above terms and conditions. All paragraphs with spaces for initials by Buyer and Seller are incorporated in this Agreement only if initialed by all parties. If at least one but not all parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. Buyer has read and acknowledges receipt of a Copy of the offer and agrees to the above confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.

Buyer's Initials (____)(____)
Seller's Initials (____)(____)

Reviewed by _____ Date _____



Property Address: _____

Date: _____

31. **EXPIRATION OF OFFER:** This offer shall be deemed revoked and the deposit shall be returned unless the offer is Signed by Seller and a Copy of the Signed offer is personally received by Buyer, or by _____, who is authorized to receive it by 5:00 PM on the third calendar day after this offer is signed by Buyer (or, if checked, ☐ by _____ (date), at _____ AM/PM).

Date _____ Date _____

BUYER _____ BUYER _____

(Print name) _____ (Print name) _____

(Address) _____

32. **BROKER COMPENSATION FROM SELLER:**

A. Upon Close Of Escrow, Seller agrees to pay compensation to Broker as specified in a separate written agreement between Seller and Broker.

B. If escrow does not close, compensation is payable as specified in that separate written agreement.

33. **ACCEPTANCE OF OFFER:** Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer, agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of agency relationships. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to deliver a Signed Copy to Buyer.

☐ (If checked) **SUBJECT TO ATTACHED COUNTER OFFER, DATED** _____

Date _____ Date _____

SELLER _____ SELLER _____

(Print name) _____ (Print name) _____

(Address) _____

(_____/_____) **CONFIRMATION OF ACCEPTANCE:** A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) _____ at _____ AM/PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

REAL ESTATE BROKERS:

A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.

B. Agency relationships are confirmed as stated in paragraph 27.

C. If specified in paragraph 2A, Agent who submitted the offer for Buyer acknowledges receipt of deposit.

D. **COOPERATING BROKER COMPENSATION:** Listing Broker agrees to pay Cooperating Broker (**Selling Firm**) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow: (i) the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS; or (ii) ☐ (if checked) the amount specified in a separate written agreement (C.A.R. Form CBC) between Listing Broker and Cooperating Broker.

Real Estate Broker (Selling Firm) _____

By _____ Date _____

Address _____ City _____ State _____ Zip _____

Telephone _____ Fax _____ E-mail _____

Real Estate Broker (Listing Firm) _____

By _____ Date _____

Address _____ City _____ State _____ Zip _____

Telephone _____ Fax _____ E-mail _____

ESCROW HOLDER ACKNOWLEDGMENT:

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, ☐ a deposit in the amount of \$ _____), counter offer numbers _____ and _____

_____, and agrees to act as Escrow Holder subject to paragraph 28 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is _____

Escrow Holder _____ Escrow # _____

By _____ Date _____

Address _____

Phone/Fax/E-mail _____

Escrow Holder is licensed by the California Department of ☐ Corporations, ☐ Insurance, ☐ Real Estate. License # _____

(_____/_____) **REJECTION OF OFFER:** No counter offer is being made. This offer was reviewed and rejected by Seller on (Seller's Initials) _____ (Date) _____

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.

This form is available for use by the entire real estate industry. It is not intended to identify the user as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by members of the NATIONAL ASSOCIATION OF REALTORS® who subscribe to its Code of Ethics.



Published by the
California Association of REALTORS®

RPA-CA REVISED 10/02 (PAGE 8 OF 8)

Reviewed by _____ Date _____

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 8 OF 8)



HOME INSPECTION CHECKLIST

Address _____

Asking Price _____ Taxes _____

Bid Price (My Offer) _____ Lot Size _____

School District _____

Year Built _____ House Style _____

No. Of Bedrooms _____ No. Of Bathrooms _____ Sq. Ft. _____

Amenities _____

Real Estate Agent's Name _____

Real Estate Agent's Tel No. _____ FAX No. _____

Date _____ Comments _____

INTERIOR

Ceilings (Type) Sheetrock _____ Plaster _____ Paneling _____ Acoustic Tiles _____ Tin _____

Ceilings (Condition) Good _____ Fair _____ Poor _____ Evidence Of Water Damage _____

Cracks _____ Peeling Paint _____ Needs Repainting _____

Walls (Type) Sheetrock _____ Plaster _____ Paneling _____ Wallpaper _____

Walls (Condition) Good _____ Fair _____ Poor _____ Cracks _____ Peeling Paint _____

Needs Repainting _____ Needs Removal Of Wallpaper _____

Needs Removal Of Paneling _____ Evidence Of Water Damage _____

Floors (Type) Hardwood _____ Ceramic Tile _____ Marble Tile _____ Vinyl _____ Carpet _____

Slate _____ Other _____

Floors (Condition) Good _____ Fair _____ Poor _____ Squeaks _____ Unlevel _____

Closets Adequate _____ Inadequate _____

Window Treatments Included _____ Not Included _____ Good _____ Fair _____ Poor _____

Built-In Furniture Included _____ Not Included _____ Good _____ Fair _____ Poor _____

Ceiling Fixtures Included _____ Not Included _____ Good _____ Fair _____ Poor _____

Doors Good _____ Fair _____ Poor _____

Source Of Heat In Each Room Yes _____ No _____

Source Of Air-Conditioning In Each Room Yes _____ No _____

Comments _____



HOME INSPECTION CHECKLIST

EXTERIOR

Land Grading Satisfactory___ Low Spots___ Needs Regrading___

Landscaping Good___ Fair___ Poor___ **Privacy** Good___ Fair___ Poor___

Driveway Good___ Fair___ Poor___ **Walkways** Good___ Fair___ Poor___

Garage Good___ Fair___ Poor___ **Attached**___ **Detached**___ **No. Cars**___

Decks Good___ Fair___ Poor___ **Patios** Good___ Fair___ Poor___

Porches Good___ Fair___ Poor___

Retaining Walls Good___ Fair___ Poor___

Roof (Type) Asphalt Shingles___ Slate___ Tile___ Cedar___ Other___

Roof (Condition) Good___ Fair___ Poor___ Sags___

Roof Leaders & Gutters Good___ Fair___ Poor___

Chimney Good___ Fair___ Poor___ Not Plumb___

Exterior Facades (Type) Wood Siding___ Aluminum Siding___ Vinyl Siding___

Stucco___ Stone___ Brick___ Wood Shingles___ Asbestos Cement Shingles___

Exterior Facades (Condition) Good___ Fair___ Poor___ Bulges___

Exterior Trim Good___ Fair___ Poor___

Windows (Type) Single Glazed___ Double Glazed___

Windows (Condition) Good___ Fair___ Poor___

Exterior Doors Good___ Fair___ Poor___

Comments _____



National Title Company

TITLE REPORT

ESCROW OFFICER:

ORDER NO.:

TO:

LOAN NO.: None shown

ATTN:

SHORT TERM RATE: Yes

PROPERTY ADDRESS:

EFFECTIVE DATE:

The form of Policy or Policies of title insurance contemplated by this report is:

American Land Title Association Loan Policy (10-17-92) with A.L.T.A. Form 1 Coverage

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

A Fee
2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:
3. THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE CITY OF SACRAMENTO, IN THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

SEE EXHIBIT "ONE" ATTACHED HERETO AND MADE A PART HEREOF

DP\kf 06/17/2003

EXHIBIT "ONE"

The North one-half of Lot 1, in the block bounded by "U" and "V" and 28th and 29th streets in the City of Sacramento according to the official map of plan thereof.

Assessor's Parcel No: 010-0124-003

Note 1. Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts are:

APN:	010-0124-003
Fiscal year	2002-2003
1st Installment:	\$1,931.57 PAID
2nd Installment:	\$1,931.57 PAID
Exemption:	\$7000.00
Land:	\$106,120.00
Improvements:	\$240,067.00
Personal Property:	\$0.00
Code Area:	03-005
Bill No.:	02228128

Note 2. The Company is not aware of any matters which would cause it to decline to attach the CLTA Endorsement Form 116 indicating that there is located on said land single family dwelling known as _____ to an Extended Coverage Loan Policy.

Note 3. There are NO deeds affecting said land, recorded within twenty-four (24) months of the date of this report.

Note 4. NOTE: Amended Civil Code Section 2941, which becomes effective on January 1, 2002, sets the fee for the processing and recordation of the reconveyance of each Deed of Trust being paid off through this transaction at \$45.00. The reconveyance fee MUST be clearly set forth in the Beneficiary's Payoff Demand Statement ("Demand"). In addition, an assignment or authorized release of that fee, from the Beneficiary to the Trustee of record, must be included. An example of the required language is as follows:

"The Beneficiary identified above hereby assigns, releases or transfers to the Trustee of record, the sum of \$45.00, included herein as 'Reconveyance Fees', for the processing and recordation of the Reconveyance of the Deed of Trust securing the indebtedness covered hereby, and the escrow company or title company processing this pay-off is authorized to deduct the Reconveyance Fee from this Demand and forward said fee to the Trustee of record of the successor Trustee under the Trust Deed to be paid off in full."

In the event that the reconveyance fee and the assignment, release or transfer thereof are NOT included within the demand statement, then Fidelity National Title Insurance Company and its Underwritten Agent may decline to process the reconveyance and will be forced to return all documentation directly to the Beneficiary for compliance with the requirements of the revised statute.

Note 5. The Note shown below, which recites: "California Revenue and Taxation Code Section 18668, effective January 1, 1991, requires that the buyer in all sales of California Real Estate, wherein the Seller shows an out of State Address, withhold 3-1/3% of the total sales price as California State Income Tax, subject to the various provisions of the law as therein contained." is hereby deleted and replaced with the following:

California Revenue and Taxation Code Section 18662, effective January 1, 1994, and by amendment effective January 1, 2003, provides that the buyer in all sales of California Real Estate may be required to withhold 3 and 1/3% of the total sales price as California State Income Tax, subject to the various provisions of the law as therein contained.

- Note 6.** Section 12413.1, California Insurance Code became effective January 1, 1990. This legislation deals with the disbursement of funds deposited with any title entity acting in an escrow or subescrow capacity. The law requires that all funds be deposited and collected by the title entity's escrow and/or subescrow account prior to disbursement of any funds. Some methods of funding may subject funds to a holding period which must expire before any funds may be disbursed. In order to avoid any such delays, all fundings should be done through wire transfer, certified check or checks drawn on California financial institutions.
- Note 7.** The charge where an order is cancelled after the issuance of the report of title, will be that amount which in the opinion of the Company is proper compensation for the services rendered or the purpose for which the report is used, but in no event shall said charge be less than the minimum amount required under Section 12404.1 of the Insurance Code of the State of California. If the report cannot be cancelled "no fee" pursuant to the provisions of said Insurance Code, then the minimum cancellation fee shall be that permitted by law.
- Note 8.** California Revenue and Taxation Code Section 18668, effective January 1, 1991, requires that the buyer in all sales of California Real Estate, wherein the Seller shows an out of State Address, withhold 3-1/3% of the total sales price as California State Income Tax, subject to the various provisions of the law as therein contained.

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

1. **Property taxes**, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2003-2004.

2. **The lien of supplemental taxes**, if any, assessed pursuant to the provisions of Chapter 3.5 (Commencing with Section 75) of the Revenue and Taxation code of the State of California.

3. **Any unpaid amounts** now owing, for delinquent utilities, of record or not, due to the City of Folsom, City of Galt, and City or County of Sacramento.

Any such amounts may be ascertained by calling:

City of Folsom: (916) 355-7200

City of Galt: (209) 745-2961

City of Sacramento: (916) 264-5454

County of Sacramento: (916) 875-5555

4. (1) Covenants, conditions and restrictions, if any, appearing in the public records deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin.

(2) Easements or servitudes appearing in the public records.

(3) Leases, grants, exceptions or reservations of minerals or mineral rights appearing in the public records.

5. **A deed of trust** to secure an indebtedness in the amount shown below, and any other obligations secured thereby

Amount:

Dated:

Trustor:

Trustee:

Beneficiary:

Loan No.:

Recorded:

END OF ITEMS

A. Settlement StatementU.S. Department of Housing
and Urban Development

OMB Approval No. 2502-0265

B. Type of Loan

1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> FmHA	3. <input type="checkbox"/> Conv. Unins.	6. File Number:	7. Loan Number:	8. Mortgage Insurance Case Number:
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv. Ins.				

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. Name & Address of Borrower:	E. Name & Address of Seller:	F. Name & Address of Lender:

G. Property Location:	H. Settlement Agent:	
	Place of Settlement:	I. Settlement Date:

J. Summary of Borrower's Transaction**100. Gross Amount Due From Borrower**

101. Contract sales price	
102. Personal property	
103. Settlement charges to borrower (line 1400)	
104.	
105.	

Adjustments for items paid by seller in advance

106. City/town taxes	to	
107. County taxes	to	
108. Assessments	to	
109.		
110.		
111.		
112.		

120. Gross Amount Due From Borrower**200. Amounts Paid By Or In Behalf Of Borrower**

201. Deposit or earnest money	
202. Principal amount of new loan(s)	
203. Existing loan(s) taken subject to	
204.	
205.	
206.	
207.	
208.	
209.	

Adjustments for items unpaid by seller

210. City/town taxes	to	
211. County taxes	to	
212. Assessments	to	
213.		
214.		
215.		
216.		
217.		
218.		
219.		

220. Total Paid By/For Borrower**300. Cash At Settlement From/To Borrower**

301. Gross Amount due from borrower (line 120)	
302. Less amounts paid by/for borrower (line 220)	()

303. Cash ☐ From ☐ To Borrower**K. Summary of Seller's Transaction****400. Gross Amount Due To Seller**

401. Contract sales price	
402. Personal property	
403.	
404.	
405.	

Adjustments for items paid by seller in advance

406. City/town taxes	to	
407. County taxes	to	
408. Assessments	to	
409.		
410.		
411.		
412.		

420. Gross Amount Due To Seller**500. Reductions In Amount Due To Seller**

501. Excess deposit (see instructions)	
502. Settlement charges to seller (line 1400)	
503. Existing loan(s) taken subject to	
504. Payoff of first mortgage loan	
505. Payoff of second mortgage loan	
506.	
507.	
508.	
509.	

Adjustments for items unpaid by seller

510. City/town taxes	to	
511. County taxes	to	
512. Assessments	to	
513.		
514.		
515.		
516.		
517.		
518.		
519.		

520. Total Reduction Amount Due Seller**600. Cash At Settlement To/From Seller**

601. Gross amount due to seller (line 420)	
602. Less reductions in amt. due seller (line 520)	()

603. Cash ☐ To ☐ From Seller

Section 5 of the Real Estate Settlement Procedures Act (RESPA) requires the following: • HUD must develop a Special Information Booklet to help persons borrowing money to finance the purchase of residential real estate to better understand the nature and costs of real estate settlement services; • Each lender must provide the booklet to all applicants from whom it receives or for whom it prepares a written application to borrow money to finance the purchase of residential real estate; • Lenders must prepare and distribute with the Booklet a Good Faith Estimate of the settlement costs that the borrower is likely to incur in connection with the settlement. These disclosures are mandatory.

Section 4(a) of RESPA mandates that HUD develop and prescribe this standard form to be used at the time of loan settlement to provide full disclosure of all charges imposed upon the borrower and seller. These are third party disclosures that are designed to provide the borrower with pertinent information during the settlement process in order to be a better shopper.

The Public Reporting Burden for this collection of information is estimated to average one hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

The information requested does not lend itself to confidentiality.

L. Settlement Charges

700. Total Sales/Broker's Commission based on price \$	@	% =		
Division of Commission (line 700) as follows:				
701. \$	to		Paid From Borrowers Funds at Settlement	Paid From Seller's Funds at Settlement
702. \$	to			
703. Commission paid at Settlement				
704.				
800. Items Payable In Connection With Loan				
801. Loan Origination Fee	%			
802. Loan Discount	%			
803. Appraisal Fee	to			
804. Credit Report	to			
805. Lender's Inspection Fee				
806. Mortgage Insurance Application Fee to				
807. Assumption Fee				
808.				
809.				
810.				
811.				
900. Items Required By Lender To Be Paid In Advance				
901. Interest from	to	@ \$	/day	
902. Mortgage Insurance Premium for			months to	
903. Hazard Insurance Premium for			years to	
904.			years to	
905.				
1000. Reserves Deposited With Lender				
1001. Hazard insurance	months @ \$		per month	
1002. Mortgage insurance	months @ \$		per month	
1003. City property taxes	months @ \$		per month	
1004. County property taxes	months @ \$		per month	
1005. Annual assessments	months @ \$		per month	
1006.	months @ \$		per month	
1007.	months @ \$		per month	
1008.	months @ \$		per month	
1100. Title Charges				
1101. Settlement or closing fee	to			
1102. Abstract or title search	to			
1103. Title examination	to			
1104. Title insurance binder	to			
1105. Document preparation	to			
1106. Notary fees	to			
1107. Attorney's fees	to			
(includes above items numbers:)	
1108. Title insurance	to			
(includes above items numbers:)	
1109. Lender's coverage	\$			
1110. Owner's coverage	\$			
1111.				
1112.				
1113.				
1200. Government Recording and Transfer Charges				
1201. Recording fees: Deed \$; Mortgage \$; Releases \$
1202. City/county tax/stamps: Deed \$; Mortgage \$		
1203. State tax/stamps: Deed \$; Mortgage \$		
1204.				
1205.				
1300. Additional Settlement Charges				
1301. Survey	to			
1302. Pest inspection to				
1303.				
1304.				
1305.				
1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)				



CALIFORNIA
ASSOCIATION
OF REALTORS®

REAL ESTATE TRANSFER DISCLOSURE STATEMENT
(CALIFORNIA CIVIL CODE §1102, ET SEQ.)
(C.A.R. Form TDS, Revised 10/03)

THIS DISCLOSURE STATEMENT CONCERNS THE REAL PROPERTY SITUATED IN THE CITY OF _____
DESCRIBED AS _____, COUNTY OF _____, STATE OF CALIFORNIA,

THIS STATEMENT IS A DISCLOSURE OF THE CONDITION OF THE ABOVE DESCRIBED PROPERTY IN COMPLIANCE WITH SECTION 1102 OF THE CIVIL CODE AS OF (date) _____. IT IS NOT A WARRANTY OF ANY KIND BY THE SELLER(S) OR ANY AGENT(S) REPRESENTING ANY PRINCIPAL(S) IN THIS TRANSACTION, AND IS NOT A SUBSTITUTE FOR ANY INSPECTIONS OR WARRANTIES THE PRINCIPAL(S) MAY WISH TO OBTAIN.

I. COORDINATION WITH OTHER DISCLOSURE FORMS

This Real Estate Transfer Disclosure Statement is made pursuant to Section 1102 of the Civil Code. Other statutes require disclosures, depending upon the details of the particular real estate transaction (for example: special study zone and purchase-money liens on residential property).

Substituted Disclosures: The following disclosures and other disclosures required by law, including the Natural Hazard Disclosure Report/Statement that may include airport annoyances, earthquake, fire, flood, or special assessment information, have or will be made in connection with this real estate transfer, and are intended to satisfy the disclosure obligations on this form, where the subject matter is the same:

- ☐ Inspection reports completed pursuant to the contract of sale or receipt for deposit.
☐ Additional inspection reports or disclosures: _____

II. SELLER'S INFORMATION

The Seller discloses the following information with the knowledge that even though this is not a warranty, prospective Buyers may rely on this information in deciding whether and on what terms to purchase the subject property. Seller hereby authorizes any agent(s) representing any principal(s) in this transaction to provide a copy of this statement to any person or entity in connection with any actual or anticipated sale of the property.

THE FOLLOWING ARE REPRESENTATIONS MADE BY THE SELLER(S) AND ARE NOT THE REPRESENTATIONS OF THE AGENT(S), IF ANY. THIS INFORMATION IS A DISCLOSURE AND IS NOT INTENDED TO BE PART OF ANY CONTRACT BETWEEN THE BUYER AND SELLER.

Seller ☐ is ☐ is not occupying the property.

A. The subject property has the items checked below (read across):

- | | | |
|---|--|--|
| <input type="checkbox"/> Range | <input type="checkbox"/> Oven | <input type="checkbox"/> Microwave |
| <input type="checkbox"/> Dishwasher | <input type="checkbox"/> Trash Compactor | <input type="checkbox"/> Garbage Disposal |
| <input type="checkbox"/> Washer/Dryer Hookups | <input type="checkbox"/> Smoke Detector(s) | <input type="checkbox"/> Rain Gutters |
| <input type="checkbox"/> Burglar Alarms | <input type="checkbox"/> Satellite Dish | <input type="checkbox"/> Fire Alarm |
| <input type="checkbox"/> TV Antenna | <input type="checkbox"/> Central Air Conditioning | <input type="checkbox"/> Intercom |
| <input type="checkbox"/> Central Heating | <input type="checkbox"/> Sprinklers | <input type="checkbox"/> Evaporator Cooler(s) |
| <input type="checkbox"/> Wall/Window Air Conditioning | <input type="checkbox"/> Sump Pump | <input type="checkbox"/> Public Sewer System |
| <input type="checkbox"/> Septic Tank | <input type="checkbox"/> Built-in Barbecue | <input type="checkbox"/> Water Softener |
| <input type="checkbox"/> Patio/Decking | | <input type="checkbox"/> Gazebo |
| <input type="checkbox"/> Sauna | | |
| <input type="checkbox"/> Hot Tub | <input type="checkbox"/> Pool | <input type="checkbox"/> Spa |
| <input type="checkbox"/> Locking Safety Cover* | <input type="checkbox"/> Child Resistant Barrier* | <input type="checkbox"/> Locking Safety Cover* |
| <input type="checkbox"/> Security Gate(s) | <input type="checkbox"/> Automatic Garage Door Opener(s)* | <input type="checkbox"/> Number Remote Controls _____ |
| Garage: <input type="checkbox"/> Attached | <input type="checkbox"/> Not Attached | <input type="checkbox"/> Carport |
| Pool/Spa Heater: <input type="checkbox"/> Gas | <input type="checkbox"/> Solar | <input type="checkbox"/> Electric |
| Water Heater: <input type="checkbox"/> Gas | <input type="checkbox"/> Water Heater Anchored, Braced, or Strapped* | |
| Water Supply: <input type="checkbox"/> City | <input type="checkbox"/> Well | <input type="checkbox"/> Private Utility or |
| Gas Supply: <input type="checkbox"/> Utility | <input type="checkbox"/> Bottled | Other _____ |
| <input type="checkbox"/> Window Screens | <input type="checkbox"/> Window Security Bars | <input type="checkbox"/> Quick Release Mechanism on Bedroom Windows* |
| Exhaust Fan(s) in _____ | 220 Volt Wiring in _____ | Fireplace(s) in _____ |
| <input type="checkbox"/> Gas Starter _____ | <input type="checkbox"/> Roof(s): Type: _____ | Age: _____ (approx.) |
| <input type="checkbox"/> Other: _____ | | |

Are there, to the best of your (Seller's) knowledge, any of the above that are not in operating condition? ☐ Yes ☐ No. If yes, then describe. (Attach additional sheets if necessary): _____

(*see footnote on page 2)

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TDS REVISED 10/03 (PAGE 1 OF 3) Print Date _____

Buyer's Initials (____)(____)

Seller's Initials (____)(____)

Reviewed by _____ Date _____



Property Address: _____

Date: _____

B. Are you (Seller) aware of any significant defects/malfunctions in any of the following? ☐ Yes ☐ No. If yes, check appropriate space(s) below.

- ☐ Interior Walls ☐ Ceilings ☐ Floors ☐ Exterior Walls ☐ Insulation ☐ Roof(s) ☐ Windows ☐ Doors ☐ Foundation ☐ Slab(s)
☐ Driveways ☐ Sidewalks ☐ Walls/Fences ☐ Electrical Systems ☐ Plumbing/Sewers/Septics ☐ Other Structural Components

(Describe: _____

_____))

If any of the above is checked, explain. (Attach additional sheets if necessary.): _____

*This garage door opener or child resistant pool barrier may not be in compliance with the safety standards relating to automatic reversing devices as set forth in Chapter 12.5 (commencing with Section 19890) of Part 3 of Division 13 of, or with the pool safety standards of Article 2.5 (commencing with Section 115920) of Chapter 5 of Part 10 of Division 104 of, the Health and Safety Code. The water heater may not be anchored, braced, or strapped in accordance with Section 19211 of the Health and Safety Code. Window security bars may not have quick release mechanisms in compliance with the 1995 edition of the California Building Standards Code.

C. Are you (Seller) aware of any of the following:

1. Substances, materials, or products which may be an environmental hazard such as, but not limited to, asbestos, formaldehyde, radon gas, lead-based paint, mold, fuel or chemical storage tanks, and contaminated soil or water on the subject property ☐ Yes ☐ No
2. Features of the property shared in common with adjoining landowners, such as walls, fences, and driveways, whose use or responsibility for maintenance may have an effect on the subject property ☐ Yes ☐ No
3. Any encroachments, easements or similar matters that may affect your interest in the subject property ☐ Yes ☐ No
4. Room additions, structural modifications, or other alterations or repairs made without necessary permits ☐ Yes ☐ No
5. Room additions, structural modifications, or other alterations or repairs not in compliance with building codes . . . ☐ Yes ☐ No
6. Fill (compacted or otherwise) on the property or any portion thereof ☐ Yes ☐ No
7. Any settling from any cause, or slippage, sliding, or other soil problems ☐ Yes ☐ No
8. Flooding, drainage or grading problems ☐ Yes ☐ No
9. Major damage to the property or any of the structures from fire, earthquake, floods, or landslides ☐ Yes ☐ No
10. Any zoning violations, nonconforming uses, violations of "setback" requirements ☐ Yes ☐ No
11. Neighborhood noise problems or other nuisances ☐ Yes ☐ No
12. CC&R's or other deed restrictions or obligations ☐ Yes ☐ No
13. Homeowners' Association which has any authority over the subject property ☐ Yes ☐ No
14. Any "common area" (facilities such as pools, tennis courts, walkways, or other areas co-owned in undivided interest with others) ☐ Yes ☐ No
15. Any notices of abatement or citations against the property ☐ Yes ☐ No
16. Any lawsuits by or against the Seller threatening to or affecting this real property, including any lawsuits alleging a defect or deficiency in this real property or "common areas" (facilities such as pools, tennis courts, walkways, or other areas co-owned in undivided interest with others) ☐ Yes ☐ No

If the answer to any of these is yes, explain. (Attach additional sheets if necessary.): _____

Seller certifies that the information herein is true and correct to the best of the Seller's knowledge as of the date signed by the Seller.

Seller _____ Date _____

Seller _____ Date _____

Buyer's Initials (____)(____)
Seller's Initials (____)(____)

Reviewed by _____ Date _____



Property Address: _____

Date: _____

III. AGENT'S INSPECTION DISCLOSURE

(To be completed only if the Seller is represented by an agent in this transaction.)

THE UNDERSIGNED, BASED ON THE ABOVE INQUIRY OF THE SELLER(S) AS TO THE CONDITION OF THE PROPERTY AND BASED ON A REASONABLY COMPETENT AND DILIGENT VISUAL INSPECTION OF THE ACCESSIBLE AREAS OF THE PROPERTY IN CONJUNCTION WITH THAT INQUIRY, STATES THE FOLLOWING:

☐ Agent notes no items for disclosure.

☐ Agent notes the following items:

Agent (Broker Representing Seller)

(Please Print)

By

(Associate Licensee or Broker Signature)

Date

IV. AGENT'S INSPECTION DISCLOSURE

(To be completed only if the agent who has obtained the offer is other than the agent above.)

THE UNDERSIGNED, BASED ON A REASONABLY COMPETENT AND DILIGENT VISUAL INSPECTION OF THE ACCESSIBLE AREAS OF THE PROPERTY, STATES THE FOLLOWING:

☐ Agent notes no items for disclosure.

☐ Agent notes the following items:

Agent (Broker Obtaining the Offer)

(Please Print)

By

(Associate Licensee or Broker Signature)

Date

V. BUYER(S) AND SELLER(S) MAY WISH TO OBTAIN PROFESSIONAL ADVICE AND/OR INSPECTIONS OF THE PROPERTY AND TO PROVIDE FOR APPROPRIATE PROVISIONS IN A CONTRACT BETWEEN BUYER AND SELLER(S) WITH RESPECT TO ANY ADVICE/INSPECTIONS/DEFECTS.

I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS STATEMENT.

Seller _____ Date _____ Buyer _____ Date _____

Seller _____ Date _____ Buyer _____ Date _____

Agent (Broker Representing Seller)

(Please Print)

By

(Associate Licensee or Broker Signature)

Date

Agent (Broker Obtaining the Offer)

(Please Print)

By

(Associate Licensee or Broker Signature)

Date

SECTION 1102.3 OF THE CIVIL CODE PROVIDES A BUYER WITH THE RIGHT TO RESCIND A PURCHASE CONTRACT FOR AT LEAST THREE DAYS AFTER THE DELIVERY OF THIS DISCLOSURE IF DELIVERY OCCURS AFTER THE SIGNING OF AN OFFER TO PURCHASE. IF YOU WISH TO RESCIND THE CONTRACT, YOU MUST ACT WITHIN THE PRESCRIBED PERIOD.

A REAL ESTATE BROKER IS QUALIFIED TO ADVISE ON REAL ESTATE. IF YOU DESIRE LEGAL ADVICE, CONSULT YOUR ATTORNEY.

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.

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Published by the
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TDS REVISED 10/03 (PAGE 3 OF 3)

Reviewed by _____ Date _____



REAL ESTATE TRANSFER DISCLOSURE STATEMENT (TDS PAGE 3 OF 3)



CALIFORNIA
ASSOCIATION
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DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIPS

(As required by the Civil Code)
(C.A.R. Form AD, Revised 10/01)

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller:

A Fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
- (b) A duty of honest and fair dealing and good faith.
- (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

BUYER'S AGENT

A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer:

A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Buyer.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
- (b) A duty of honest and fair dealing and good faith.
- (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER AND BUYER

A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

- (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.
- (b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, the agent may not, without the express permission of the respective party, disclose to the other party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered.

The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction.

This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on the reverse hereof. Read it carefully.

I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND CHAPTER 2 OF TITLE 9 OF PART 4 OF DIVISION 3 OF THE CIVIL CODE.

BUYER/SELLER _____ Date _____ Time _____ AM/PM

BUYER/SELLER _____ Date _____ Time _____ AM/PM

AGENT _____ (Please Print) By _____ (Associate-Licensee or Broker Signature) Date _____

THIS FORM SHALL BE PROVIDED AND ACKNOWLEDGED AS FOLLOWS (Civil Code § 2079.14):

- When the listing brokerage company also represents the Buyer, the Listing Agent shall give one AD form to the Seller and one to the Buyer.
- When Buyer and Seller are represented by different brokerage companies, then the Listing Agent shall give one AD form to the Seller and the Buyer's Agent shall give one AD form to the Buyer and one AD form to the Seller.

SEE REVERSE SIDE FOR FURTHER INFORMATION

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